

THE OFFICE OF REGULATORY STAFF

DIRECT TESTIMONY

OF

DR. DOUGLAS H. CARLISLE

JUNE 8, 2010



DOCKET NO. 2009-473-WS

**Application of Tega Cay Water Service,
Incorporated for Adjustment of Rates and
Charges**

DIRECT TESTIMONY OF DR. DOUGLAS H. CARLISLE

FOR

THE OFFICE OF REGULATORY STAFF

DOCKET NO. 2009-473-WS

**IN RE: APPLICATION OF TEGA CAY WATER SERVICE FOR ADJUSTMENT OF
RATES AND CHARGES**

Q. PLEASE STATE YOUR NAME, OCCUPATION AND BUSINESS ADDRESS.

A. My name is Dr. Douglas H. Carlisle, Jr. I am an Economist at the South Carolina Office of Regulatory Staff (“ORS”). My business address is 1401 Main Street, Suite 900, Columbia, South Carolina 29201.

Q. WOULD YOU PLEASE STATE YOUR EDUCATIONAL BACKGROUND AND YOUR BUSINESS EXPERIENCE?

A. I received a Bachelor of Arts from Brown University, a Masters Degree in Public Administration from the University of Virginia, and a Ph.D. in Government and International Relations also from the University of Virginia. After graduate school, I worked as an evaluator and evaluator-in-charge for 7½ years at the United States Government Accountability Office in Washington, D.C. Afterwards I worked as a market consultant and instructor at Midlands Technical College in South Carolina. I began work for the State at the State Reorganization Commission, which functioned as an audit follow-up entity. I was next employed by the South Carolina House Education &

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1 Public Works Committee. Before joining ORS, I worked five years for the State Chief
2 Economist as an analyst in the Economic Research Section, which serves as an adjunct to
3 the Board of Economic Advisors. I assumed my current position at ORS in March of
4 2005. I am a Certified Rate of Return Analyst and a member of the board of the Society
5 of Utility Regulatory Financial Analysts. I have previously testified before this
6 Commission concerning rate of return.

7 **Q. WHAT IS THE MISSION OF THE OFFICE OF REGULATORY STAFF?**

8 A. The mission of ORS is to represent the public interest in utility regulation by
9 balancing the concerns of the using and consuming public, the financial integrity of
10 public utilities, and the economic development of South Carolina.

11 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS PROCEEDING?**

12 A. My purpose is to recommend the appropriate range for return on equity for Tega
13 Cay Water Service, Inc. (“Tega Cay” or “the Company”). I shall present my conclusions
14 and their basis for the appropriate return on equity for Tega Cay.

15 **Q. WHAT STANDARDS GOVERN RATE OF RETURN?**

16 A. The Supreme Court of the United States set standards in two landmark decisions.
17 In the first case, involving a water company, the Court declared:

18
19 *A public utility is entitled to such rates as will permit it to earn a*
20 *return on the value of the property which it employs for the*
21 *convenience of the public equal to that generally being made at the*
22 *same time and in the same general part of the country on*
23 *investments in other business undertakings which are attended by*
24 *corresponding risks and uncertainties; but it has no constitutional*
25 *right to profits such as are realized or anticipated in highly*
26 *profitable or speculative ventures. The return should be*

1 *reasonably sufficient to assure confidence in the financial*
2 *soundness of the utility and should be adequate, under efficient*
3 *and economical management, to maintain and support its credit*
4 *and enable it to raise money for the proper discharge of its duties.*¹
5

6 This decision, the *Bluefield* decision, was later reinforced by the decision in
7 another case, Federal Power Commission v. Hope Natural Gas Company:

8
9 *[T]he fixing of “just and reasonable” rates, involves a balancing*
10 *of the investor and consumer interests.... From the investor or*
11 *company point of view it is important that there be enough revenue*
12 *not only for operating expenses but also for the capital cost of the*
13 *business. These include service on the debt and dividends on the*
14 *stock..... By that standard the return to the equity owner should be*
15 *commensurate with returns on investments in other enterprises*
16 *having corresponding risks. That return, moreover, should be*
17 *sufficient to assure confidence in the financial integrity of the*
18 *enterprise, so as to maintain its credit and attract capital.*²
19

20 Decades later, a Supreme Court decision, the Permian Basin Area Rate Cases,³
21 stressed that factors other than producers' costs are important in the regulation of public
22 utilities and, for that reason, regulation may reasonably “limit stringently the return
23 recovered on investment,” so long as the effect is not to destroy the utility.

24 **Q. DOES TEGA CAY HAVE TRADED COMMON STOCK?**

25 A. No, its stock is entirely held by Utilities, Inc. of Northbrook, Illinois, which also
26 has no publicly traded stock. Utilities, Inc. was bought by AIG Highstar's sponsored
27 fund Hydro Star, LLC, in 2006.

¹ *Bluefield Water Works & Improvement Company. v. Public Service Commission of West Virginia*, 262 U.S. 679, 692-3 (1923).

² *Federal Power Commission v. Hope Natural Gas Company*, 320 U.S. 591, 603 (1944).

³ 390 U.S. 747 (1968).

1 **Q. IF NEITHER THE COMPANY NOR ITS PARENT HAS TRADED STOCK, HOW**
2 **DID YOU PERFORM YOUR ANALYSIS TO RECOMMEND A RETURN ON**
3 **EQUITY?**

4 A. To develop a fair rate of return recommendation for Tega Cay, I evaluated the
5 return requirements of investors on the common stock of publicly-held water service
6 companies. I then applied two well-known and generally accepted methods for
7 determining a recommended return on equity, the Discounted Cash Flow (“DCF”) and
8 Capital Asset Pricing (“CAP-M”) methods. As a corroborative method, I also used the
9 Comparable Earnings Method (“CEM”).

10 **Q. WHY DID YOU EXAMINE DATA ON COMPANIES WITH TRADED STOCK?**

11 A. First, Tega Cay has asked to be treated as a publicly traded company by applying
12 for a rate-based return-on-equity proceeding with the Public Service Commission of
13 South Carolina (“PSC” or “Commission”). Second, publicly traded water utilities are in
14 the same line of business as Tega Cay and so share similar risks, which conforms to the
15 criteria in the *Bluefield* and *Hope* cases. Third, data is far more readily available about
16 publicly traded companies, so it is practical to use them.

17 **Q. WHAT CAPITAL STRUCTURE DID YOU USE FOR YOUR ANALYSIS OF**
18 **TEGA CAY?**

19 A. I used the structure submitted by the Company and provided to ORS: 53.3% debt,
20 with a cost rate of 6.58%, and 46.7% equity, whose cost rate is the subject of this
21 testimony. I used this structure for two reasons: Tega Cay is closely integrated with its
22 parent, so it would be difficult to determine an independently based capital structure. I

1 used only Long-Term Debt and Common Equity and did not consider Short-Term Debt
2 for several reasons: (1) the Company's proposed hypothetical structure, based on its
3 parent's, uses those items; (2) those items and proportions appear reasonable because the
4 equity proportion is close to the average of publicly traded water companies (Exhibit
5 DHC-2); (3) it has been the practice before the Commission for a number of years to use
6 Common Equity, Preferred Stock, if any, and Long-Term Debt. There was no Preferred
7 Stock. (Exhibit DHC-1)

8 **Q. DID YOU CONSIDER THE ECONOMIC CONTEXT OF YOUR ANALYSIS?**

9 A. Yes. There are two major impacts of the current economic situations that directly
10 affect my analysis: interest rates and inflation. Additionally, there is always the
11 consideration of the current economic cycle.

12 A large question right now is whether current monetary policy will eventually
13 trigger inflation. It would appear logical that the Federal Reserve's policies during this
14 recession have lowered interest rates and could raise inflation during recovery, but
15 whether the interest rate effect is a major one for companies that borrow and whether the
16 result will be sharper inflation are uncertain. (Exhibit DHC-3 & DHC-3a, for discussions
17 of the advent of this recession and current monetary policy.) The Federal Reserve,
18 moreover, has ended some of its extraordinary measures. (Exhibit DHC-3, page3 of 3)
19 Inflation is quiescent and signals from the Federal Reserve indicate that it is likely to
20 remain so for some time. The Federal Reserve's termination of its special lending
21 facilities withdraws one source of excess money. Unemployment and the number of
22 discouraged workers not even counted in the unemployment numbers are dampening

1 inflationary tendencies (Exhibit DHC-17). Moreover, consumers have paid down some
2 of their debt (Exhibit DHC-5, page 3 of 3), and other sectors have reduced their debt as
3 well (Exhibit DHC-5, p. 3 of 3). A number of professional forecasters believe that
4 inflation will remain muted. (Exhibit DHC-6) Still another source of potential inflation,
5 the surge in Federal expenditures, the “Stimulus,” will mostly be spent down by the end
6 of the calendar year, so its inflationary impact will diminish. Another non-inflationary
7 process to consider is the slow recovery of the economy, as well as an indication that
8 relatively few high earning stocks will squeeze lower-earning, more reliable stocks.
9 Taken altogether, we see a general retreat of risk and a mild recovery.

10 If overall inflation is low and economic growth is measured, then it stands to
11 reason that a steady-growth industry such as water and sewer service will not grow
12 exceptionally fast nor face exceptional inflation. Moreover, recent data shows that
13 utilities experienced slow growth or mild decline, rather than the sharp decline that has
14 affected many sectors of our economy during the recession.

15 **Q. HOW DO YOU KNOW THAT INFLATION WILL BE MILD?**

16 A. No one can be absolutely certain what inflation will do, but indications from the
17 Federal Reserve, whose monetary policy, among other things, seeks to control inflation,
18 if it should threaten our economy, is sanguine about the near term. Debate centers on
19 what will happen in a year or two or even longer.

20 More than opinions, however, are two major factors militating against inflation:
21 private debt and persistently high unemployment. Personal, business and financial sector
22 has declined debt considerably (See Exhibit DHC-17 p.3c of 3). The process of shedding

1 debt, “deleveraging,” may continue for quite some time. Money spent on eliminating
2 debt cannot be spent to purchase goods and create economic growth. Although
3 increasing governmental debt may “crowd out” private debt and raise interest rates, it is
4 likely that such a process would also slow growth and discourage inflation, which is part
5 of nominal growth as measured by both the DCF Model and CAP-M. The two Federal
6 Reserve officials most noted for their concern about inflation have both declared that
7 their concern is not immediate and one has even raised the possibility of deflation. In an
8 interview by Susie Gharib on the Public Broadcasting System’s “Nightly Business
9 Report” Dallas Federal Reserve Bank President, Richard Fisher provided the following
10 analysis (*italics added*):

11
12 GHARIB: But how long can the Fed keep rates at 0 percent and not stir up
13 inflation?

14
15 FISHER: Well, it depends on what the demand pull forces are, cost- push
16 forces that come. I guess the real issue too is whether or not we keep rates
17 this low, do we encourage speculative bubbles elsewhere? Some of my
18 colleagues are worried about that.

19
20 GHARIB: Are you worried about that? Do you see them cropping up
21 anywhere?

22
23 FISHER: I don't see it right now, but I think we have to always be vigilant
24 on that front.

25
26 GHARIB: What do you think is the appropriate rate for inflation in the
27 U.S. economy? Some economists are saying up to 3 percent, it's not a
28 problem.

29
30 FISHER: I disagree with that. As you know, *I'm one of the most hawkish*
31 *members of the committee -- not because I come from Texas and we're*
32 *hawkish people, but I think 1 percent, 1 to 2 percent max, because if*
33 *you're not careful, things can get away from you.* And there's been a recent

1 academic paper which has said maybe we ought to target 4 or more. I
2 firmly disagree with that.

3
4 GHARIB: *Do you see any inflation now? Are you worried about inflation*
5 *now?*

6
7 FISHER: *No, in fact we're seeing pressures that are in the opposite*
8 *direction.* Part of it has to be with the entrails of the numbers, by the way.
9 Oddly, the last number that was reported, it was luggage that was one of
10 the most interesting, of all the variables, that drove this number to a very
11 negative territory -- not very negative, a slightly negative territory. *There's*
12 *too much slack in the system right now and again, until we employ the*
13 *biggest factor, labor, until some of this excess capacity worldwide --*
14 *which is gradually working off -- gets back into better demand*
15 *configuration, then I am not, even as a hawk on the committee, I am less*
16 *worried about inflation in the short term. If we do our business well, then I*
17 *won't worry about the intermediate term or the long-term either.*⁴
18

19 The President of the Kansas City Federal Reserve Bank, Thomas Hoenig, who stresses
20 vigilance against inflation, perhaps even more than his Dallas counterpart, in an interview
21 on the same program a month earlier, revealed that he does not necessarily expect
22 inflation to occur right away (italics added):

23
24 GHARIB: So do you think that the Fed should begin signaling that it's
25 getting ready to raise interest rates?

26
27 HOENIG: No. What I'm saying is that the language should be changed so
28 that we're not tying ourselves to language that says we won't do anything
29 for an extended period when in fact events are changing, the economy is
30 strengthening. I think those are -- those are really what I'm trying to say
31 is, maximize your options as a policymaker. Remember, Susie, we're at
32 zero now and I don't think that we can be at zero for an indefinite period.
33 Remember, we want to get back to a more normal environment in the
34 economy and with interest rates.

35
36 GHARIB: Well, if not zero, where should rates be? What is normal?
37

⁴ http://www.pbs.org/nbr/site/onair/transcripts/nbr_transcripts_100302/

1 HOENIG: Well, in the long run, of course, I've said in public speeches,
2 you need to have the policy rate at least higher than 3 percent, but now
3 remember, that's a long time ahead. I said 3.5 to 4.5 in a very long period.
4 *So that's quarters or maybe even years ahead depending on how the*
5 *economy recovery goes*, but that's not something -- I don't want anyone to
6 take away from this discussion that I think that should be the rate
7 tomorrow.
8

9 A few seconds later, Hoenig stressed, "Remember, interest rates were very low in 2001,
10 2002 and the effects of that really came much later. And that's what we have to keep in
11 mind for the future."⁵ Since Hoenig was the only current member of the Federal Open
12 Market Committee to oppose the statement that rates would remain the same "for an
13 extended period"⁶ and is optimistic about the pace of recovery, his statements indicate
14 that even someone with his viewpoint is cautious about raising rates immediately and
15 foresees inflationary pressures several years down the road. The very existence of the
16 debate over whether growth and inflation will pose problems in the upcoming years
17 demonstrates a heightened alertness among policymakers and a high likelihood of
18 preventive action.

19 **Q. DOES ECONOMIC GROWTH AFFECT WATER COMPANIES?**

20 A. Yes. Most predictions are for a slow but steady recovery. A return to historical
21 patterns would not be surprising. At the same time, there has been sufficient recovery
22 that the flight to the safety of investing in utilities has probably ended.

23 **Q. HOW DID YOU SELECT YOUR PROXY GROUP?**

24 A. My Proxy Group consists of companies that are classified as "water utilities" by
25 Value Line or by *Yahoo! Finance*. I did not include foreign companies, which, in any

⁵ Ibid.

⁶ Ibid. Fisher opposed it as an alternate member and will be a regular member in 2011.

1 event, were largely engaged in overseas or water-purification activities. The proxy group
2 companies engage in water or sewer service to customers and obtain most of their
3 revenues from utility services, operate mainly in the United States, and have traded stock.
4 I eliminated one company, Southwest Water Company, due to several serious problems
5 with its accounting and record keeping which led to a restatement of its 10-Q filings with
6 the Securities Exchange Commission, threatened delisting from NASDAQ and several
7 law suits (Exhibit DHC-2, page 2 of 2). Although the Southwest Water Company may
8 have resolved these issues, the extent of the financial restatement – back to 2005 – and
9 the lingering possible effect on perceived risk indicate that it is not appropriate to include
10 it in the Proxy Group. Two companies listed in *Yahoo! Finance* were eliminated because
11 their business was not water service. This process produced the Proxy Group, which
12 comprises 10 companies. (Exhibit DHC-2, page 1 of 2)

13
14 **Discounted Cash Flow Method (DCF) Analysis**

15 **Q. WHAT IS THE DISCOUNTED CASH FLOW METHOD (“DCF”)?**

16 A. The DCF is derived from the Dividend Discount Model, which treats the value of
17 a company to an investor as the sum of the stream of expected dividend payments out to
18 an infinite horizon. The DCF method is directly related to present value discounting,
19 which is used to assess whether a given investment is better than alternative investments.
20 Choosing among alternatives lies at the heart of economics, so a model that treats the
21 investor as a consumer of investments fits well with economic thinking. Popularized by
22 Myron Gordon, this model turns upon the estimation of long-term growth and combines

1 it with dividend yields to derive the cost of equity. That cost becomes the recommended
2 return on equity for a firm that is generally similarly situated as those firms used in the
3 DCF analysis.

4 **Q. HOW DOES THE DCF PRODUCE A RECOMMENDED RETURN ON EQUITY?**

5 A. It does so by assuming an infinite time horizon to simplify the calculation of the
6 stream of dividend payments in the following equation:

$$K = \text{DIV}_1 / P_0 + g$$

8 “K” is the cost of equity; “DIV” is the annualized dividend paid in the next
9 period, but it can be adjusted to ensure it is a typical quarter; “P” is the price of the
10 investment; and, “g” is the growth rate of the investment.

11 **Q. HOW CAN THE PROPER RATE OF GROWTH BE DETERMINED?**

12 A. This part of a DCF analysis poses the hardest question. One can tell what
13 dividend yields are because there is always recent data on stock prices and dividend
14 payments – although that aspect is not entirely straightforward – but predicting future
15 growth is harder and more controversial. Pointers that can help, however, do exist.
16 Widely available and well known historical statistics and estimates of Earnings Per Share
17 (“EPS”) are one predictor of dividend growth and dividends are paid from earnings,
18 which, when retained, represent part of investors’ equity. Logically prior to EPS is sales
19 and earnings growth and subsequent to EPS is the growth of Dividends Per Share
20 (“DPS”), which are usually paid from a portion of earnings. Finally, there is the growth
21 in Book Value Per Share (“BVPS”), which is the value of the company after liabilities
22 and the payment of preferred stock is subtracted from assets. For the model to hold true,

1 these factors should grow at the same rate over time, although there may be substantial
2 periods when they diverge. No one of these factors should dominate, because each
3 reveals a different aspect of growth. Their interconnectedness makes the assumption of
4 similar growth appeal to common sense. For example, if DPS were to increase faster
5 than EPS, eventually there would be no funds for paying dividends. If BVPS grew more
6 slowly for a long time, eventually there would be no means of producing sales or
7 earnings.

8 **Q. IF THESE FACTORS VARY IN THE SHORT RUN, ARE THEY REALLY**
9 **USEFUL?**

10 A. Yes. They are, if one is careful to eliminate atypical results, to combine them all
11 and not to rely on any one of them too heavily. While this process sounds challenging, it
12 reflects what investors do: they are concerned about historical performance of the firms
13 in which they want to invest as one indicator of future performance. The indicators of
14 growth used in the DCF calculation are widely available through investor services. The
15 very availability of this information indicates that investors want it, or firms would not
16 provide it. Moreover, these different factors combine to create growth, so, even if any
17 given investor does not know all of them, that investor is nonetheless aware of the overall
18 influence of the factors in my analysis.

19 **Q. ARE INVESTORS JUST INTERESTED IN HISTORICAL PATTERNS?**

20 A. No. Investors' interest in firms' future performance does not just rely upon the
21 past as a pointer to the future. Stock analysts provide predictions that are widely
22 available, too. I have used both historical data and predictions to arrive at growth rates.

1 **Q. YOU MENTIONED THAT DIVIDENDS AND PRICES ARE “NOT ENTIRELY**
2 **STRAIGHTFORWARD,” SO ARE THERE OTHER IMPORTANT**
3 **CONSIDERATIONS IN THE DCF?**

4 A. Yes. The two considerations are fair measurements of stock price and dividends.
5 A simple solution to both is to use a dividend yield from an investment service or an
6 information firm. For example, Value Line has a dividend yield statistic that it keeps.
7 Greater precision is preferable, so I have used another source, which is three months’ data
8 from *Yahoo! Finance* (internet site; Exhibit DHC-11).

9 A fair measure of stock price requires some judgment. What makes this step
10 easier is that the dividend yield should represent the latest information available to
11 investors, so an extensive timeframe is not appropriate. That said, sometimes going back
12 a few months in a period of volatility may be appropriate, since investors are probably
13 aware of the volatility, too. An extensive retrospective look at stock prices, however,
14 would make the data stale and unrepresentative of the latest information available to
15 investors.

16 Measuring the dividend payment accuracy is more difficult because companies
17 have different dividend declaration dates and some companies allow their dividends to
18 fluctuate from quarter to quarter, which makes an accurate statement of a company’s
19 yield and comparison among firms harder to calculate. There is a potential
20 undercounting, due to these factors alone, of 150% over three quarters, as indicated in the
21 following table which is analyzes a hypothetical company:

Company Quarter	Quarters for which an increase would be counted	Potential Undercounting
First	4	0.0 [because $1 - \frac{4}{4} = 0$]
Second	3	0.25 ($\frac{1}{4}$) [because $1 - \frac{3}{4} = \frac{1}{4}$]
Third	2	0.50 ($\frac{1}{2}$) [because $1 - \frac{2}{4} = \frac{2}{4}$ or $\frac{1}{2}$]
Fourth	1	0.75 ($\frac{3}{4}$) [because $1 - \frac{1}{4} = \frac{3}{4}$]
Total Undercounting over Three Quarters		1.5 (0.25+0.50+0.75) [$\frac{1}{4} + \frac{2}{4} + \frac{3}{4}$]
Undercounting per Quarter		1.5/3=0.5

If increases occur after the next known declared dividend payment, each quarter's dividend will be more undercounted going forward because dividend payments are measured on a yearly basis. A dividend increase is assumed to be at the overall growth rate "g." An increase taking place in the first quarter's dividend would be counted for that quarter and the rest of the year, but subsequent increases would be counted for only part of the remaining year. Overall there is a potential undercounting of half of the total potential increases, so each quarter could be undercounted by one-half. To offset this potential undercounting, each quarter must be multiplied by half-again, that is, 150%, or, to achieve the same result, the dividend yield can be multiplied by $\frac{1}{2}$ or 50% and added to the existing dividend yield. The formulas below depict these alternatives:

$$K = (DIV_1 * (1 + 0.5g)) + g$$

Or

$$K = DIV_{yield} + (DIV_{yield} * .5g) + g$$

1 As the second formula shows, the dividend yield is multiplied by half the
2 percentage growth rate and that additional increment is added to the yield and the growth
3 rate to obtain the cost of equity (Exhibit DHC-14).

4 Because of the current recovery from the recession, a spot yield, while technically
5 fair because it represents what an investor would face at a given point in time, is not as
6 representative of yields, which are subject to some volatility during the recovery from the
7 recession. To handle this fluctuation, I took three months of yields for each company and
8 then a “spot” yield and averaged the two, as shown in Exhibit DHC-12.

9 **Q. DESCRIBE THE COMPONENTS OF THE DCF ANALYSIS.**

10 A. The DCF analysis uses historical data and analysts’ predictions to come up with a
11 predicted growth rate for each company. Since both compounded and simple average
12 growth rates, also known, respectively, as “geometric” and “arithmetic mean” rates, are
13 available to investors, my analysis uses both growth rates. Next the adjusted dividend
14 yield – the part of the equation left after “g” – is added to get a cost of equity for the
15 proxy group. The result is my estimated cost of capital and my recommended return on
16 equity.

17 To minimize too great an impact from any one year, I took three overlapping time
18 periods of different lengths: three years; five years; and ten years. In this manner, even
19 though the recession from which we are emerging has some influence on the numbers, so
20 does the rebound from the previous recession of 2001.

21 The dividend yield measurement in this case coincides with a period of stock
22 market recovery. As the prices of shares rise, dividend yields fall. Whether the recovery

1 in stock prices will continue, flatten or even reverse cannot be known for certain,
2 although the last possibility seems the least likely. What is clear is that, barring an
3 increase in dividends, a fall in dividend yields is a mathematical certainty as a
4 consequence of the trend of rising stock prices. Because companies may well wait to
5 increase their dividends and we do not know if there will be a dip or sustained decline in
6 stock prices, the period of measurement must balance all these possibilities.
7 Accordingly, I have used an average of the last three months of 2009 and a “spot”
8 dividend and then averaged these two numbers. For the dividend, I have used the latest
9 four-quarter dividend payments. The use of the 1½ g (1.5*g) as a proxy for dividend
10 growth keeps the dividend measurement prospective, while also offsetting any lag in
11 dividend increases after stock prices have risen.

12 **Q. DOES THE INCLUSION OF SHORT-TERM HISTORICAL DATA, WHICH**
13 **INCLUDE THE ONSET OF THE RECESSION, BIAS YOUR RESULT?**

14 A. No. It would be biased if the effects of the recession were excluded. It is possible
15 that the short-term data could exaggerate water companies’ collective growth rate, but the
16 relatively slow recovery should temper that effect.

17 It is important to remember that the steadiness of the private water industry is
18 attractive in times of recession, because the very nature of water as a good. There may be
19 some conservation of water to save money, but it is nothing compared to cutbacks that
20 people are likely to make in food, clothing and shelter. Of course, as investors hold back
21 purchases of stock or even sell off share, dividend yield becomes more attractive, so total
22 returns may go up, especially in the case of regulated utilities because their stock prices

1 are unlikely to fall as much as more volatile businesses, so they get a slight increase in
2 yield that does not come at the expenses of a large drop in stock. Moreover, a look at
3 Exhibit DHC-14 reveals that each of the four factors used to measure growth went up at a
4 faster rate in the last three years than in the last five years. In other words, the period that
5 was dominated by recessionary years was a period of faster underlying growth than the
6 period less dominated by the recession. Although including this data may tend to skew
7 the results, using the longer-term 10-year data and dividend yields, especially the spot
8 yield, offsets this tendency. It is notable that growth in 2009 turned out to be a distinctly
9 lower for water companies and pulled down the historical growth rates. Investors are
10 aware of this data and it doubtless contributes to their decisions.

11 **Q. WHAT WAS THE RESULT OF YOUR DCF ANALYSIS?**

12 A. The DCF Method indicates a 9.08% cost of equity. (Exhibit DHC-14)

13 **Capital Asset Pricing Model (CAP-M) Analysis**

14 **Q. WHAT IS THE CAP-M?**

15 A. CAP-M is a method of determining appropriate returns on equity based upon the
16 market price of capital as measured by the risk specific to a company. This model
17 assumes that investors can neutralize all other risk in the market by diversifying their
18 holdings in a portfolio of companies with differing risks and returns. The remaining risk,
19 specific to a company, is the degree to which a company's return varies from all other
20 returns, usually measured against a stock index. The presumption that investors want to
21 maximize returns from investments while minimizing the risks of investing underpins
22 CAP-M.

1 **Q. HOW IS COMPANY-SPECIFIC RISK MEASURED?**

2 A. There is a measurement of a stock's return compared to that of all other stocks
3 called "Beta" (" β "). Under the CAP-M theory, one examines what an investor would be
4 able to earn on a stock, if the market risk that it had in common with the whole
5 investment market were neutralized. Different firms that analyze stocks produce
6 different β 's for the same stock, so one must pick a single firm and use only its β 's for
7 consistency's sake. In my analysis, I use the β 's provided by Value Line as they are both
8 readily available and provide a reasonable representation of what a company's risk is
9 now and will be in the easily foreseeable future. I averaged the β 's of all the water
10 companies for which β was available in the two Groups (Exhibit DHC-15). This
11 calculation produced an average β of .71.

12 **Q. HOW IS MARKET RISK MEASURED?**

13 A. Long-term trends provide the best answer. My source for retrospective data was
14 Ibbotson Associates' annual yearbook, Stocks, Bonds, Bills & Inflation, Valuation
15 Edition, 2009, which contains the total returns for the Standard & Poors 500 from 1926-
16 2008. This annual publication provides the long-term compounded and simple arithmetic
17 average returns for both large and small companies. The average of the large and small
18 companies' averages gives the return for what is typical for publicly traded companies.

19 The long-term data presented by Ibbotson Associates assumes that investors could
20 have held each stock in their database in a portfolio that removes risk idiosyncratic to
21 each company, leaving only market risk with differential impact to each company (β). To
22 do this, real portfolios would have to have been adjusted to maintain a balance of risk and

1 return. Thus this data represents long-term market trends. In that sense, the CAP-M is
2 comparable to the DCF, which has an infinite time horizon, although there can be
3 problems with assuming that the future will resemble the past.

4 **Q. HOW DOES THE CAP-M DIFFER MOST FROM THE DCF?**

5 A. Although the use of β seems unique, the most essential difference is that the
6 CAP-M belongs to the risk premium family of analysis.

7 **Q. HOW DID YOU MEASURE THE RISK-FREE RATE IN THE CURRENT**
8 **ECONOMIC ENVIRONMENT?**

9 A. The key to measuring the risk premium is finding a benchmark_ the risk-free rate.
10 Typically, I would use 30-year Treasury bond yields as the risk-free rate. No investment
11 of any kind is truly risk-free, but the safety of securities issued by the U.S. Treasury is
12 such that, if they should ever come to be considered risky, then all other investments in
13 the United States would become so risky that assessing risk would become futile. The
14 30-year Treasury bond yield represents purchasers' assessment of a risk-free return on a
15 long-term investment.

16 The monetary environment during the recession that began in December 2007
17 created a situation of great uncertainty, as opposed to great risk. "Uncertainty" in this
18 sense applies to a situation in which investors do not know how to assess the risk of
19 certain investments. "Risk," in contra-distinction, applies to a situation in which
20 investors feel reasonably confident in assigning a probability of achieving their
21 investment goals.

Recent decisions by the Federal Reserve (see Exhibit DHC-3) and the waning of extreme distrust among financial businesses (see Exhibit DHC-3a) have removed much of the uncertainty and returned us to the more usual situation of risk. For that reason I have used the 30-year Treasury Bond yield rate in the First Quarter of 2010 (see Exhibit DHC-6, p.1 of 2). This rate should reflect investors' long-term view of one of the most riskless forms of investment.

Q. HOW DID YOU MEASURE THE RISK PREMIUM COMPONENT?

A. With the market-risk rate and the risk-free rates established, I have followed the standard formula for CAP-M by subtracting the latter from the former to get the market risk premium and then multiplied the result by the average β of the proxy group to apply the premium to the proxy group. Adding the risk-free rate back produces the CAP-M cost of equity and my recommended CAP-M return on equity. Here is the formula:

$$K = R_f + (\beta * (R_f - R_m))$$

“K” is the cost of equity; “ R_f ” is the risk-free rate; and, “ R_m ” is the market rate.

It is important to note that this calculation contained both arithmetic and geometric means/averages from the Ibbotson yearbook.

Comparable Earnings Method (“CEM”)

Q. WHAT IS YOUR PURPOSE IN USING THE CEM?

A. I used this method to corroborate my other analyses.

Q. WHY DOES THE CEM METHOD HAVE THIS SUBORDINATE ROLE IN YOUR ANALYSIS?

1 A. For two reasons. The first reason is that the CEM, although grounded in
2 legitimate theory, has no widely accepted single method. The second reason is the CEM
3 may overstate returns by including low-risk firms that have done far less badly than
4 higher risk firms. I have offset this second difficulty by relying exclusively on growth in
5 book value, which is less subject to the vagaries of economic growth or interest rates.

6 **Q. HOW DID YOU PERFORM YOUR CEM ANALYSIS?**

7 A. I used the well-known measurement of risk, β , and selected firms whose β 's over
8 the past ten years averaged in the same range as those in my proxy group. I excluded
9 firms in the financial, insurance and building sectors, since their issues are closely related
10 to the economic problems recently experienced. I took the Value Line 10-year growth
11 for book value, for a retrospective view of growth, and the Value Line projected
12 book-value annual growth for a prospective view. I then averaged these two numbers,
13 which resulted in a 9.18% growth rate. Presumably, this growth rate would eventually
14 show up in dividends and sustainable growth. The result verifies and corroborates my
15 other results. (Exhibit DHC-16)

16
17 **Summary of Results**

18 **Q. WILL YOU SUMMARIZE THE RESULTS OF YOUR ANALYSIS OF TEGA**
19 **CAY'S RETURN ON EQUITY?**

20 A. My analysis of Tega Cay's rate of return on equity yields the following results: 1)
21 the bottom of my range is 9.08% return on equity (see Exhibit DHC-14); 2) the top of my

1 range is 10.07%(see Exhibit DHC15; and 3) the average of the two is 9.57% (see
2 DHC-1).

3 **Q. WHAT RATE OF RETURN ON EQUITY DO YOU RECOMMEND FOR TEGA**
4 **CAY?**

5 A. Based on my analysis a rate of return on equity of 9.57% would be appropriate.

6 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

7 A. Yes.

Capital Structure, Range of Recommended Returns on Equity and Rates of Return

<u>Form of Capital</u>	<u>% of Total</u>	<u>Cost Rate</u>	<u>Weighted Cost</u>
Long-Term Debt	53.30%	6.60%	3.52%
Common Equity	46.70%	10.07%	4.70%
Total	100.00%		8.22% Rate of Return

<u>Form of Capital</u>	<u>% of Total</u>	<u>Cost Rate</u>	<u>Weighted Cost</u>
Long-Term Debt	53.30%	6.60%	3.52%
Common Equity	46.70%	9.08%	4.24%
Total	100.00%		7.76% Rate of Return

<u>Form of Capital</u>	<u>% of Total</u>	<u>Cost Rate</u>	<u>Weighted Cost</u>
Long-Term Debt	53.30%	6.60%	3.52%
Common Equity	46.70%	9.57%	4.47%
Total	100.00%		7.99% Rate of Return

PROXY GROUP SELECTION AND CHARACTERISTICS

Company	Non-water- distribution Business	Current PE Ratio	% LTD/Capital	Return on Common Equity	% Common Equity/Capital	Short-Term Debt	Market Cap \$ (Mil)	PE Trailing 12 Mo
Amer. States Water	--	23.53	45.95	8.22	54.05	\$18.10	\$705.14	23.49
Amer. Water Works	--	16.24	56.93	5.25	43.07	\$173.57	\$3,741.57	17.28
Aqua America	--	24.08	55.56	9.41	44.44	\$87.06	\$2,516.80	23.95
Artesian Res Corp	--	19.02	55.06	7.31	44.94	\$22.59	\$135.76	18.70
California Water	--	19.92	47.08	9.64	52.92	\$24.95	\$805.27	19.89
Conn. Water Services	--	20.07	50.59	9.36	49.41	\$25.00	\$205.15	20.11
Middlesex Water	--	25.06	46.62	7.00	53.38	\$46.56	\$242.94	24.96
Pennichuck Corp	--	40.54	49.57	4.31	50.43	\$5.90	\$105.81	41.36
SJW Corp.	--	33.60	49.41	6.00	50.59	\$6.88	\$505.95	33.77
Southwest Water	--	45.87	56.87	3.51	43.13	\$2.17	\$262.56	62.06
York Water Co	--	21.80	45.72	8.64	54.28	\$9.34	\$175.81	21.88
Emera Inc	power generation							
H.E.R.C. Products Inc	pipe cleaning							
	making hydraulic							
Sun Hydraulics	equipment							

Note: First three columns are from Yahoo! Finance; the rest are from Value Line stock screener

Note: Foreign companies were excluded

A Review of Some Major Events of the Current Recession

A quick review of some the highlights of the events of the current recession illustrates how much this recession has been about finance. From March 14th to 16th of 2008, two of Bear Stearns' hedge funds with large holdings of subprime mortgages ran large losses and were forced to dump assets, leading to its sale of Bear Stearns to J. P. Morgan Chase. The trouble spread to major Wall Street firms such as Merrill Lynch, J. P. Morgan Chase, Citigroup and Goldman Sachs which had loaned money on the basis of assets that turned out to be worth less than thought. Falling prices of houses and equities reduced the wealth of households and created uncertainty about the economy. The S&P 500 Index fell as much as 50% during 2008 and housing prices fell 13% in the twelve-month run-up to the recession. A large number of banks and other financial institutions had balance sheets that were suddenly deemed untrustworthy because they reflected holdings of securities whose underlying value was tied to houses purchased with nontraditional mortgages. The best known example of the sudden collapse in trust is the bankruptcy of Lehman Brothers on September 15, 2008, the largest bankruptcy filing in U.S. history, with Lehman holding over \$600 billion in assets.¹

When falling housing prices led to defaults and foreclosures, the value of corporate assets suffered. Moreover, some financial instruments, such as credit default swaps, greatly magnified the effects of declining value. Fannie Mae lost \$29 Billion on Write-Downs. The Federal Reserve announced that it planned to buy up \$600 billion in debt and mortgage-backed securities from Fannie Mae, Freddie Mac and Ginnie Mae, the three government-sponsored finance firms established to promote home ownership.

As a result of steep drops in the value of assets and a dramatic drop in the willingness to lend, the Federal Reserve began a series of cuts in the Federal Funds Rate, the rate at which it lends banks money,

¹ "[Lehman folds with record \\$613 billion debt](http://www.marketwatch.com/news/story/story.aspx?guid={2FE5AC05-597A-4E71-A2D5-9B9FCC290520}&siteid=rss)". Marketwatch. 2008-09-15.
<http://www.marketwatch.com/news/story/story.aspx?guid={2FE5AC05-597A-4E71-A2D5-9B9FCC290520}&siteid=rss>. Retrieved on 2008-09-15.

starting with a half percent cut to 5.75% on August 16, 2007 and culminating in a drop on December 16, 2008 to a range between 0.0% and 0.25%. On November 10, 2008, the US Treasury announced investment of 40 billion dollars in preferred stock of AIG. In the First Quarter of 2009, the Federal Reserve purchased \$1.25 trillion in mortgage-backed securities and \$200 billion in agency debt.

On March 18, the Federal Reserve announced plans to purchase up to \$300 billion of longer-term Treasury securities. On June 24, 2009, it reiterated its plans to buy Treasury securities. Because the Federal Reserve had set rates near zero already, it could not cut them much. If there were deflation, real interest rates would rise, so its latest move circumvented the limitations of interest-rate policy by injecting liquidity directly into the monetary system through a variety of devices but especially through special credit facilities.²

The Federal Reserve's special programs were designed to ease credit in the face of illiquidity arising from the credit crisis that was both cause and result of the recession. Two measures of illiquidity, the "TED Spread" and the "OIS-LIBOR Spread" had widened dramatically (see Exhibits DHC-3a, pp.2&5 of 5). This former is the difference between the Three-Month U.S. Treasury Bill rate and the London Interbank Offered Rate ("LIBOR").³ The latter is the difference between the Overnight Indexed Swap ("OIS") and LIBOR (see Exhibit DHC-3a, pp.1-3 of 5). Both of these indicators shot up during the credit crisis, but in the past few months have returned to near-normal levels. As a result of the return to a more normal credit situation, the Federal Reserve has let some programs lapse and is moving to terminate others. The Asset-Backed Commercial Paper Money Market Mutual Fund Liquidity Facility, the Commercial Paper Funding Facility, the Primary Dealer Credit Facility, and the Term Securities Lending Facility were closed on February 1, 2010. Recently, on February 18, 2010, Chairman Benjamin Bernanke

² Most of the rest of the above discussion comes from these sources:

Federal Reserve Bank of St. Louis: January 2009 "Man the Lifeboats!" By Kevin L. Kliesen; and, ["The Global Economic & Financial Crisis: A Timeline," Mauro F. Guillén Director of the Lauder Institute, Wharton School, University of Pennsylvania

³ It used to be the difference between the Euro-Dollar futures contract and the Three-Month U.S. Treasury Bill rate, thence the name "TED" ("Treasury/Eurodollar")

announced the planned closing of two more credit facilities: the Term Auction Facility and the Term Asset-Backed Securities Loan Facility, which had injected well over a trillion dollars into the credit markets. A few days later, the Federal Reserve Board announced that it was raising the rate of its Discount Window, the rate that the Federal Reserve charges institutions that borrow from it directly, from 0.5% to 0.75%. The target rate for the Federal Funds Rate, the rate created for interbank loans by open market operations of the Federal Reserve, will remain between 0.0% and 0.25% for an extended time. Thus the monetary aspect of the economic system has improved considerably but has not completely returned to normal.

Strikingly, a major measure of money in circulation, M-2, during the period of very lax monetary policy and stimulus spending actually did decline (see Exhibit DHC-17, p.3 of 3), rather than rise, despite all the money and credit being pumped into the economy. It may take some time before the economy becomes more normal. As noted in this testimony, two of the Federal Reserve regional bank presidents, the two who have expressed great concern about inflation, do not see inflation as an immediate threat. One possible reason for their sanguine attitude is high unemployment (see Exhibit DHC-17, pp.1-2 of 3). Rising salaries and wages are unlikely to be a source of inflation for some time. At the same time, the apparent recovery has moderated its pace. Economists had expected that the Fourth Quarter of 2009 would show annualized growth of 5.9%, but that rate has now been adjusted to 5.6% and succeeding quarters are now forecasted to grow above 3% until the second half of next year.

Economic SYNOPSES

short essays and reports on the economic issues of the day



2008 ■ Number 25

The LIBOR-OIS Spread as a Summary Indicator

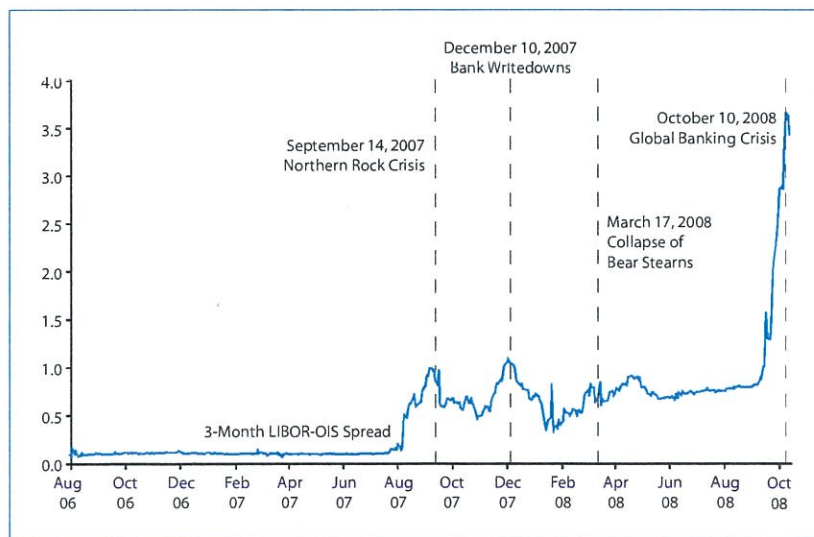
Rajdeep Sengupta and Yu Man Tam

The LIBOR-OIS spread has been a closely watched barometer of distress in money markets for more than a year. The 3-month London Interbank Offered Rate (LIBOR) is the interest rate at which banks borrow unsecured funds from other banks in the London wholesale money market for a period of 3 months. Alternatively, if a bank enters into an overnight indexed swap (OIS), it is entitled to receive a fixed rate of interest on a notional amount called the OIS rate. In exchange, the bank agrees to pay a (compound) interest payment on the notional amount to be determined by a reference floating rate (in the United States, this is the effective federal funds rate) to the counterparty at maturity. For example, suppose the 3-month OIS rate is 2 percent. If the geometric average of the annualized effective federal funds rate for the 3-month period is 1.91 percent, there will be a net cash inflow of \$2,250 on a principal amount of \$10 million $[(2 \text{ percent} - 1.91 \text{ percent}) \times 3/12 \times \$10 \text{ million} = \$2,250]$ to the bank from its counterparty.

A bank borrowing at the 3-month LIBOR rate of 2.10 percent that enters into a swap to receive at the 3-month OIS rate of 2 percent has a borrowing cost equal to the effective federal funds rate plus 10 basis points. Entering into the OIS exposes the bank to future fluctuations in the reference rate. However, the bank can guarantee itself longer-term funding while still paying close to the overnight rate. Because the alternative would be rolling over the funds on a daily basis at changing overnight rates, banks are willing to pay a premium. This is reflected in the LIBOR-OIS spread (defined as the difference between the LIBOR rate and the OIS rate) shown in the chart. In times of stress, the LIBOR, referencing a cash instrument, reflects both credit and liquidity risk,¹ but the OIS has little exposure to default risk because these contracts do not involve any initial cash flows. The OIS rate is therefore an accurate measure of investor expectations of the effective federal funds rate (and hence the Fed's target) over the term of the swap, whereas LIBOR reflects credit risk and the expectation on future overnight rates.

Before the onset of the turmoil in the credit markets in August 2007, the LIBOR-OIS spread was around 10 basis points. However, in just over a month, the spread rose to 85 basis points on September 14, 2007, when the Bank of England announced emergency funding to rescue the troubled Northern Rock, one of the U.K.'s largest mortgage lenders. The spread reached its all-time high at 108 basis points on December 6, 2007. Around the same time, large investment banks such as UBS and Lehman Brothers announced huge write-downs. On March 17, 2008, the collapse of Bear Stearns led to an 83-basis-point spread, a 19-basis-point increase from the previous trading day. In the latest illiquidity wave following the failure of Lehman Brothers, the spread was 365 basis points (as of October 10, 2008). In short, the LIBOR-OIS spread has been the summary indicator showing the "illiquidity waves" that severely impaired money markets in 2007 and 2008. ■

¹ Liquidity risk is the risk that a bank could not convert its assets into cash, whereas credit risk is the risk that it could fail to meet its contractual obligations. Some have claimed that this distinction is unclear and that, particularly in the case of financial institutions, "the definition of liquidity is elusive." See von Thadden, Ernst-Ludwig, "Liquidity Creation Through Banks and Markets: Multiple Insurance and Limited Market Access," *European Economic Review*, April 1999, 43(4-6), pp. 991-1006.



Views expressed do not necessarily reflect official positions of the Federal Reserve System.



OIS-LIBOR Spread

Downloaded 2/11/2010 from: <http://www.bloomberg.com/apps/cbuilder?ticker=USSOC%3AIND>



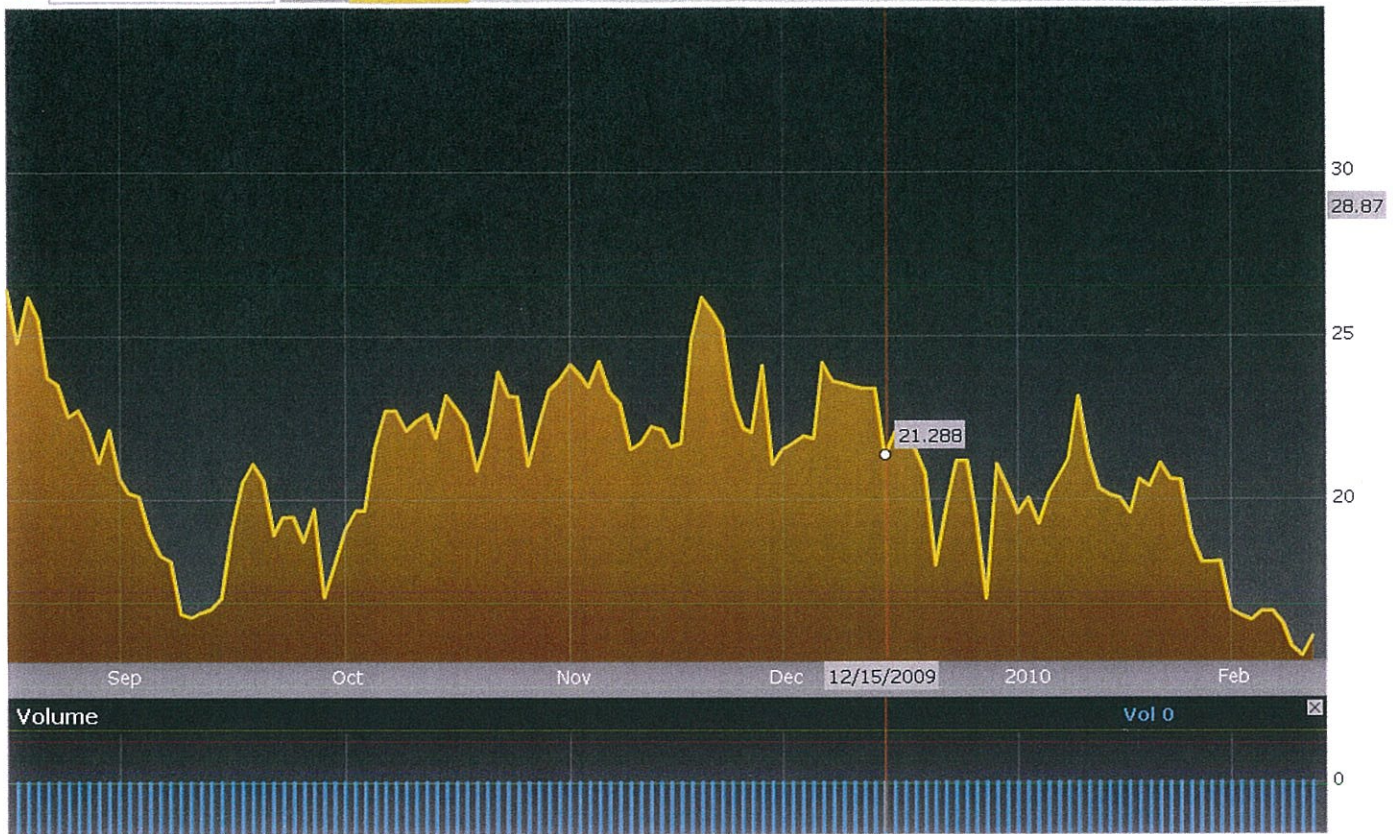
OIS-LIBOR Spread

Downloaded 2/11/2010 from: <http://www.bloomberg.com/apps/cbuilder?ticker=USSOC%3AIND>



TED spread

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TED spread

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AMER. STATES WATER NYSE:AWR										RECENT PRICE	37.04	P/E RATIO	23.6	(Trailing: 22.9 Median: 22.0)	RELATIVE P/E RATIO	1.30	DIV'D YLD	2.8%	VALUE LINE			
TIMELINESS	4	Lowered 3/19/10	High: 26.5 25.3 26.4 29.0 29.0 26.8 34.6 43.8 46.1 42.0 38.8 38.2	Low: 14.8 16.7 19.0 20.3 21.6 20.8 24.3 30.3 33.6 27.0 29.8 31.2	Target Price	Range	2013	2014	2015	128												
SAFETY	3	New 2/4/00	LEGENDS	125 x Dividends p sh divided by Interest Rate	3-for-2 split 6/02	Options: No	Shaded area: prior recession	Latest recession began 12/07	3-for-2	48	40	32	24	16	12							
TECHNICAL	3	Lowered 4/23/10	2013-15 PROJECTIONS	Price	Gain	Ann'l Total Return	High	55	(+5.0%)	13%	Low	35	(-5.0%)	2%								
BETA	.80	(1.00 = Market)	Insider Decisions	M	J	J	A	S	O	N	D	J										
			to Buy	0	0	0	0	0	0	1	0											
			to Sell	0	0	0	0	0	0	0	4											
			Options	0	0	0	0	0	0	0	0											
			to Buy	66	54	57																
			to Sell	53	53	39																
			Hld's (000)	10578	10847	11007																
			Percent shares traded	12	8	4																
			Institutional Decisions	202009	302009	4Q2009																
			to Buy	66	54	57																
			to Sell	53	53	39																
			Hld's (000)	10578	10847	11007																
			Percent shares traded	12	8	4																
			% TOT. RETURN 3/10	THIS STOCK	VL ARITH. INDEX																	
			1 yr.	-1.5	91.1																	
			3 yr.	2.3	7.6																	
			5 yr.	57.5	42.8																	
			© VALUE LINE PUB., INC.	13-15																		
			1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011		
			10.43	11.03	11.37	11.44	11.02	12.91	12.17	13.08	13.78	13.98	13.61	14.06	15.76	17.49	18.42	19.48	19.75	20.25	Revenues per sh	22.10
			1.68	1.75	1.75	1.85	2.04	2.26	2.20	2.53	2.54	2.08	2.23	2.64	2.89	3.31	3.37	3.40	3.50	3.70	"Cash Flow" per sh	4.15
			.95	1.03	1.13	1.04	1.08	1.19	1.28	1.35	1.34	.78	1.05	1.32	1.33	1.62	1.55	1.62	1.75	1.90	Earnings per sh	2.35
			.80	.81	.82	.83	.84	.85	.86	.87	.87	.88	.89	.90	.91	.96	1.00	1.01	1.04	1.08	Div'd Decl'd per sh	1.18
			2.43	2.19	2.40	2.58	3.11	4.30	3.03	3.18	2.68	3.76	5.03	4.24	3.91	2.89	4.45	4.18	4.15	4.10	Cap'l Spending per sh	4.20
			10.07	10.29	11.01	11.24	11.48	11.82	12.74	13.22	14.05	13.97	15.01	15.72	16.64	17.53	17.95	19.39	20.25	21.00	Book Value per sh	22.35
			11.77	11.77	13.33	13.44	13.44	13.44	15.12	15.12	15.18	15.21	16.75	16.80	17.05	17.23	17.30	18.53	19.25	20.00	Common Shs Outst'g	21.50
			12.8	11.6	12.6	14.5	15.5	17.1	15.9	16.7	18.3	31.9	23.2	21.9	27.7	24.0	22.6	21.2	21.2	21.2	Avg Ann'l P/E Ratio	19.0
			.84	.78	.79	.84	.81	.97	1.03	.86	1.00	1.82	1.23	1.17	1.50	1.27	1.36	1.42	1.42	1.42	Relative P/E Ratio	1.25
			6.6%	6.7%	5.8%	5.5%	5.0%	4.2%	4.2%	3.9%	3.6%	3.5%	3.6%	3.1%	2.5%	2.5%	2.9%	2.9%	2.9%	2.9%	Avg Ann'l Div'd Yield	2.6%
			CAPITAL STRUCTURE as of 12/31/09																			
			Total Debt \$306.3 mill. Due in 5 Yrs \$12.3 mill.																			
			LT Debt \$305.6 mill. LT Interest \$22.3 mill.																			
			(LT interest earned: 3.4x: total interest coverage: 3.2x)																			
			(56% of Cap'l)																			
			Leases, Uncapitalized: Annual rentals \$3.2 mill.																			
			Pension Assets-12/09 \$74.0 mill.																			
			Oblig. \$103.1 mill.																			
			Pfd Stock None.																			
			Common Stock 18,554,364 shs.																			
			as of 3/10/10																			
			MARKET CAP: \$700 million (Small Cap)																			
			CURRENT POSITION 2007 2008 12/31/09																			
			Cash Assets	1.7	7.3	1.7																
			Other	61.4	83.3	94.3																
			Current Assets	63.1	90.6	96.0																
			Accts Payable	29.1	36.6	33.9																
			Debt Due	37.8	75.3	7																
			Other	27.4	25.5	65.1																
			Current Liab.	94.3	137.4	99.7																
			Fix. Chg. Cov.	314%	293%	352%																
			ANNUAL RATES of change (per sh)																			
			10 Yrs.	4.5%	6.0%	3.0%																
			Revenues	4.5%	6.0%	3.0%																
			"Cash Flow"	5.0%	8.0%	3.6%																
			Earnings	4.0%	8.5%	6.5%																
			Dividends	1.5%	2.5%	3.0%																
			Book Value	4.5%	5.0%	3.5%																
			QUARTERLY REVENUES (\$ mill.)																			
			Cal-endar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year														
			2007	72.3	79.3	75.8	74.0	301.4														
			2008	68.9	80.3	85.3	84.2	318.7														
			2009	79.6	93.6	101.5	86.3	361.0														
			2010	83.0	98.0	107	92.0	380														
			2011	89.0	105	114	97.0	405														
			EARNINGS PER SHARE																			
			Cal-endar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year														
			2007	.40	.42	.44	.35	1.62														
			2008	.30	.53	.26	.43	1.55														
			2009	.28	.64	.52	.18	1.62														
			2010	.27	.58	.54	.36	1.75														
			2011	.28	.64	.57	.41	1.90														
			QUARTERLY DIVIDENDS PAID																			
			Cal-endar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year														
			2006	.225	.225	.225	.235	.91														
			2007	.235	.235	.235	.250	.96														
			2008	.250	.250	.250	.250	1.00														
			2009	.250	.250	.250	.260	1.01														
			2010	.260																		

to Buy
Options
to Sell

202009 302009 4Q2009

to Buy 66 54 57
to Sell 53 53 39
Hld's (000) 10578 10847 11007

Percent shares traded 12 8 4

Institutional Decisions

202009 302009 4Q2009

to Buy 66 54 57
to Sell 53 53 39
Hld's (000) 10578 10847 11007

Percent shares traded 12 8 4

% TOT. RETURN 3/10

THIS STOCK VL ARITH. INDEX

1 yr. -1.5 91.1
3 yr. 2.3 7.6
5 yr. 57.5 42.8

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1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011		
10.43	11.03	11.37	11.44	11.02	12.91	12.17	13.08	13.78	13.98	13.61	14.06	15.76	17.49	18.42	19.48	19.75	20.25	Revenues per sh	22.10
1.68	1.75	1.75	1.85	2.04	2.26	2.20	2.53	2.54	2.08	2.23	2.64	2.89	3.31	3.37	3.40	3.50	3.70	"Cash Flow" per sh	4.15
.95	1.03	1.13	1.04	1.08	1.19	1.28	1.35	1.34	.78	1.05	1.32	1.33	1.62	1.55	1.62	1.75	1.90	Earnings per sh	2.35
.80	.81	.82	.83	.84	.85	.86	.87	.87	.88	.89	.90	.91	.96	1.00	1.01	1.04	1.08	Div'd Decl'd per sh	1.18
2.43	2.19	2.40	2.58	3.11	4.30	3.03	3.18	2.68	3.76	5.03	4.24	3.91	2.89	4.45	4.18	4.15	4.10	Cap'l Spending per sh	4.20
10.07	10.29	11.01	11.24	11.48	11.82	12.74	13.22	14.05	13.97	15.01	15.72	16.64	17.53	17.95	19.39	20.25	21.00	Book Value per sh	22.35
11.77	11.77	13.33	13.44	13.44	13.44	15.12	15.12	15.18	15.21	16.75	16.80	17.05	17.23	17.30	18.53	19.25	20.00	Common Shs Outst'g	21.50
12.8	11.6	12.6	14.5	15.5	17.1	15.9	16.7	18.3	31.9	23.2	21.9	27.7	24.0	22.6	21.2	21.2	21.2	Avg Ann'l P/E Ratio	19.0
.84	.78	.79	.84																

(A) Primary earnings. Excludes nonrecurring gains/losses: '04, 14¢; '05, 25¢; '06, 6¢; '08, 27¢. Next earnings report due early May. Quarterly egs. may not add due to rounding.

(B) Dividends historically paid in early March, June, September, and December. ■ Div'd reinvestment plan available.

(C) In millions, adjusted for split.

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The costs of doing business continue to add up for American States Water. Indeed, the water utility saw earnings cut by more than half in the fourth quarter of 2009, despite posting a 3% top-line advance. Higher maintenance and SG&A expenses were the problem, dragging down operating margins a full basis point. Meanwhile, a higher share count shaved a couple of pennies off share earnings. **Operating expenses ought to continue mounting going forward . . .** Water infrastructures are growing older and, in many cases, outdated. They require significant repairs and sometimes, complete overhauls. As a result, maintenance costs are expected to remain on an upward trajectory for the foreseeable future. Although the cost structure is likely to benefit from the absence of a \$2-plus million legal charge incurred last year, margins will probably show modest improvement in 2010 before stalling in 2011 and eroding thereafter.

. . . and the financial burden remains worrisome. With a fairly leveraged balance sheet and negligible reserve, American is strapped for cash and will

need to tap debt and equity markets in order to keep up with the burgeoning infrastructure costs we envision persisting in the years to come. Such endeavors come at a price, however, and the higher interest rate and loftier share count will limit shareholder gains. Against this backdrop, we now look for the company to earn \$1.75 a share in 2010 and \$1.90 next year.

Prospective investors will probably want to look elsewhere. These shares are ranked 4 (Below Average) for Timeliness, and are likely to trail the broader market for the coming six to 12 months. The issue's longer-term prospects are not any better, with rising costs likely to limit gains over the next 3 to 5 years. The stock is already trading within the 2013-2015 Target Price Range based on our projections. The income component may seem tempting at first blush, but its appeal fades when compared to those of some other stocks in our *Survey*, particularly in the utility space. Although the company has a longstanding history of dividend increases, its financial constraints may well keep growth in check.

Andre J. Costanza

April 23, 2010

Company's Financial Strength B++
Stock's Price Stability 85
Price Growth Persistence 70
Earnings Predictability 70

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AMERICAN WATER NYSE:AWK										RECENT PRICE	21.48	P/E RATIO	16.3 (Trailing: 17.3 Median: NMF)	RELATIVE P/E RATIO	0.90	DIV'D YLD	3.9%	VALUE LINE									
TIMELINESS — E																				Target Price	Range						
SAFETY 3 New 7/25/08																				2013	2014	2015					
TECHNICAL — E																											
BETA .65 (1.00 = Market)																											
2013-15 PROJECTIONS																											
Price Gain Return																											
High 40 (+85%) 20%																											
Low 25 (+15%) 9%																											
Insider Decisions																											
M J J A S O N D J																											
to Buy 0 3 0 0 0 0 2 0 0																											
Options 0 0 0 0 0 0 0 0 0																											
to Sell 0 0 0 0 0 0 0 0 0																											
Institutional Decisions																											
202009 302009 4Q2009																											
to Buy 137 152 178																											
to Sell 66 72 77																											
Hid's (000) 82903 119774 157474																											
Percent shares traded 21 14 7																											
1994 1995 1996 1997 1998 1999 2000 2001 2002 2003 2004 2005 2006 2007 2008 2009 2010 2011																											
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(A) Diluted earnings. Excludes nonrecurring gains (losses): '08, (\$4.62); '09, (\$2.62). Discontinued operations: '06, (4¢). Next earnings report due early May. Quarterly

earnings may not sum due to rounding.

(B) Dividends to be paid in January, April, July, and October. ^C Div. reinvestment available. (C) In millions.

(D) Includes intangibles. In 2009: \$1.250 billion, \$7.16/share. (E) The stock has not been trading long enough to generate a Timeliness rank.

Company's Financial Strength B
Stock's Price Stability 80
Price Growth Persistence NMF
Earnings Predictability NMF

AQUA AMERICA NYSE-WTR				RECENT PRICE	17.97	P/E RATIO	21.9	(Trailing: 23.3 Median: 25.0)	RELATIVE P/E RATIO	1.21	DIV'D YLD	3.2%	VALUE LINE	Target Price Range				
TIMELINESS 3 Lowered 6/26/09				High: 11.5	12.0	14.8	15.0	16.8	18.5	29.2	29.8	26.6	22.0	21.5	18.1			
SAFETY 3 Lowered 8/1/03				Low: 7.6	6.3	9.4	9.6	11.8	14.2	17.5	20.1	18.9	12.2	15.4	16.5			
TECHNICAL 3 Lowered 4/23/10				LEGENDS 1.60 x Dividends p.sh. divided by Interest Rate Relative Price Strength 4-for-3 split 1/88 5-for-4 split 12/00 5-for-4 split 12/01 5-for-4 split 12/03 4-for-3 split 12/05 Options: Yes Shaded area: prior recession Latest recession began 12/07														
BETA .65 (1.00 = Market)				2013-15 PROJECTIONS Ann'l Total Price Gain Return High 35 (+9.5%) 20% Low 25 (+4.8%) 11%														
Insider Decisions				Insider Decisions M J J A S O N D J to Buy 0 0 0 0 0 0 2 0 0 0 to Sell 0 0 0 0 0 0 0 1 0 0 Options 0 0 0 0 0 0 0 0 1 0														
Institutional Decisions				Institutional Decisions 202009 302009 402009 to Buy 117 88 127 to Sell 136 118 104 Hlds(000) 61341 60196 60166 Percent shares traded 15 10 5														
CAPITAL STRUCTURE as of 12/31/09				CAPITAL STRUCTURE as of 12/31/09 Total Debt \$1473.6 mill. Due in 5 Yrs \$276.5 mill. LT Debt \$1386.6 mill. LT Interest \$70.0 mill. (LT interest earned: 3.5x; total interest coverage: 3.5x) (56% of Cap'l)														
Pension Assets-12/09 \$135.6 mill.				Pension Assets-12/09 \$135.6 mill. Obliq. \$217.8 mill.														
Pfd Stock None				Pfd Stock None														
Common Stock 136,679,644 shares as of 2/12/10				Common Stock 136,679,644 shares as of 2/12/10														
MARKET CAP: \$2.4 billion (Mid Cap)				MARKET CAP: \$2.4 billion (Mid Cap)														
CURRENT POSITION (SMILL)				CURRENT POSITION (SMILL) 2007 2008 12/31/09 Cash Assets 14.5 14.9 21.9 Receivables 82.9 84.5 78.7 Inventory (AvgCst) 8.8 9.8 9.5 Other 9.3 11.8 11.5 Current Assets 115.5 121.0 121.6 Accts Payable 45.8 50.0 57.9 Debt Due 80.8 87.9 87.0 Other 56.6 55.3 56.1 Current Liab. 183.2 193.2 201.0 Fix. Chg. Cov. 323% 329% 346%														
ANNUAL RATES of change (per sh)				ANNUAL RATES of change (per sh) Past 10 Yrs. 5 Yrs. to '13-'15 Revenues 8.0% 9.0% 7.0% "Cash Flow" 9.5% 8.0% 10.0% Earnings 7.5% 5.5% 11.5% Dividends 7.0% 8.0% 5.5% Book Value 9.5% 10.0% 4.5%														
QUARTERLY REVENUES (\$mill.)				QUARTERLY REVENUES (\$mill.) 2007 2008 2009 2010 2011 Mar.31 Jun.30 Sep.30 Dec.31 Full Year 137.3 150.6 165.5 149.1 602.5 139.3 151.0 177.1 159.6 627.0 154.5 167.3 180.8 167.9 670.5 165 185 195 185 730 175 195 210 205 785														
EARNINGS PER SHARE A				EARNINGS PER SHARE A 2007 2008 2009 2010 2011 Mar.31 Jun.30 Sep.30 Dec.31 Full Year .13 .17 .22 .19 .71 .11 .17 .26 .19 .73 .14 .19 .25 .20 .77 .15 .20 .27 .23 .85 .17 .22 .30 .26 .95														
QUARTERLY DIVIDENDS PAID B				QUARTERLY DIVIDENDS PAID B 2006 2007 2008 2009 2010 Mar.31 Jun.30 Sep.30 Dec.31 Full Year .107 .107 .115 .115 .44 .115 .115 .125 .125 .48 .125 .125 .125 .135 .51 .135 .135 .135 .145 .55 .145														
BUSINESS:				BUSINESS: Aqua America, Inc. is the holding company for water and wastewater utilities that serve approximately three million residents in Pennsylvania, Ohio, North Carolina, Illinois, Texas, New Jersey, Florida, Indiana, and five other states. Divested three of four non-water businesses in '91; telemarketing group in '93; and others. Acquired AquaSource, 7/03; Consumers Water, 4/99; and others. Water supply revenues '09: residential, 58.5%; commercial, 14%; industrial & other, 27.5%. Officers and directors own 1.5% of the common stock (4/10 Proxy). Chairman & Chief Executive Officer: Nicholas DeBenedictis. Incorporated: Pennsylvania. Address: 762 West Lancaster Avenue, Bryn Mawr, Pennsylvania 19010. Telephone: 610-525-1400. Internet: www.aquaamerica.com.														
Aqua America managed to increase its profits in 2009 despite the weakened economic backdrop. For the full year, revenues advanced 7%, mostly due to benefits from rate-relief cases and gains from acquisitions. This offset unfavorable weather conditions that hurt the top line. The bottom line benefited from cost-cutting efforts, but this was discounted by a 6% increase in capital spending. The company's customer growth over the next few years will most likely be gained through acquisitions. Toward this end, Aqua America's New Jersey subsidiary completed the purchase of the water system assets of Bloomsbury Borough. This added about 1,000 residential and commercial customers. More acquisitions of smaller water and wastewater companies will be one of the main points of focus for WTR's management. Earnings gains over the next few years should be bolstered through rate relief cases. During the first two months of 2010, Aqua America has won rate relief cases that should add \$6 million per annum to the top line. An additional \$65 million in lawsuits should be resolved in the latter half of this year, and management plans to petition for \$25 million-\$30 million in rate increases and surcharges by yearend. The dividend payout should continue to be a bright spot for Aqua America. The historical trend of management raising its dividend every year will most likely continue going forward. This stock is ranked to mirror the broader market over the coming year. Although share earnings were flat year over year in the second half of 2009, we estimate that the top and bottom lines will advance over the next few quarters. These shares hold above-average appreciation potential over the coming 3 to 5 years. The aforementioned gains from acquisitions should enable revenues and earnings to continue to rise over the pull to 2013-2015. Other points of interest for this equity include its high scores for Stock Price Stability and Earnings Predictability. All told, this stock is best suited for long-term conservative investors.																		
John D. Burke				John D. Burke														
April 23, 2010				April 23, 2010														

(A) Diluted shares. Excl. nonrec. gains (losses): '99, ('11); '00, 2¢; '01, 2¢; '02, 5¢; '03, 4¢. Excl. gain from disc. operations: '96, 2¢. Earnings may not add due to rounding.

(B) Dividends report due late April. (C) Dividends historically paid in early March, June, Sept. & Dec. ■ Div'd. reinvestment plan available (5% discount).

(C) In millions, adjusted for stock splits.

Company's Financial Strength B+
Stock's Price Stability 95
Price Growth Persistence 70
Earnings Predictability 100

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John D. Burke

April 23, 2010

<p>(A) Basic EPS. Excl. nonrecurring gain (loss): '00, 7¢; '01, 4¢; '02, 8¢. Next earnings report due late July.</p>	<p>(B) Dividends historically paid in mid-Feb., May, Aug., and Nov. = Div'd reinvestment plan available.</p>	<p>(C) Ind. deferred charges. In '09: \$2.6 mill., \$13/sh. (D) In millions, adjusted for split. (E) Excludes non-reg. rev.</p>	<p>Company's Financial Strength B++ Stock's Price Stability 85 Price Growth Persistence 75 Earnings Predictability 80</p>
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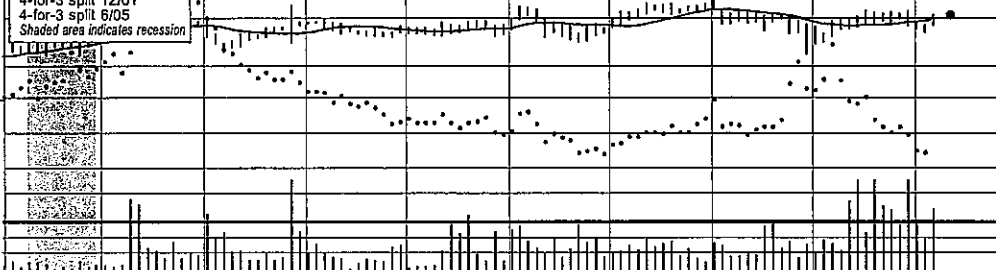
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CONN. WATER SERVICES NDQ-CTWS				RECENT PRICE	23.15	TRAILING P/E RATIO	19.5	RELATIVE P/E RATIO	1.03	DIV'D YLD	3.9%	VALUE LINE			
RANKS				32.21 19.50	31.09 20.35	30.41 24.00	29.76 23.83	28.17 21.91	27.71 20.29	25.61 22.40	28.95 19.26	26.44 17.31	25.12 21.57	High Low	
PERFORMANCE	3	Average													
Technical	3	Average													
SAFETY	2	Average													
BETA	.80	(1.00 = Market)													
Financial Strength	B+														
Price Stability	95														
Price Growth Persistence	30														
Earnings Predictability	85													475 VOL. (thous.)	
© VALUE LINE PUBLISHING, INC.				2001	2002	2003	2004	2005	2006	2007	2008	2009	2010/2011		
SALES PER SH				5.93	5.77	5.91	6.04	5.81	5.68	7.05	7.24	6.93			
"CASH FLOW" PER SH				1.78	1.78	1.89	1.91	1.62	1.52	1.90	1.95	1.93			
EARNINGS PER SH				1.13	1.12	1.15	1.16	.88	.81	1.05	1.11	1.19		1.15 ^A /1.29 ^C	
DIV'DS DECL'D PER SH				.80	.81	.83	.84	.85	.86	.87	.88	.90			
CAP'L SPENDING PER SH				1.86	1.98	1.49	1.58	1.96	1.96	2.24	2.44	3.28			
BOOK VALUE PER SH				9.25	10.06	10.46	10.94	11.52	11.60	11.95	12.23	12.67			
COMMON SHS OUTST'G (MILL)				7.65	7.94	7.97	8.04	8.17	8.27	8.38	8.46	8.57			
AVG ANN'L P/E RATIO				21.5	24.3	23.5	22.9	28.6	29.0	23.0	22.2	18.4		20.1/17.9	
RELATIVE P/E RATIO				1.10	1.33	1.34	1.21	1.51	1.57	1.22	1.34	1.23			
AVG ANN'L DIV'D YIELD				3.3%	3.0%	3.0%	3.1%	3.4%	3.6%	3.6%	3.6%	4.1%			
SALES (\$MILL)				45.4	45.8	47.1	48.5	47.5	46.9	59.0	61.3	59.4		Bold figures are consensus earnings estimates and, using the recent prices, P/E ratios.	
OPERATING MARGIN				56.1%	57.7%	52.1%	51.0%	48.3%	43.7%	40.8%	49.0%	35.8%			
DEPRECIATION (\$MILL)				5.0	5.4	5.9	6.0	6.1	5.9	7.2	7.1	6.4			
NET PROFIT (\$MILL)				8.7	8.8	9.2	9.4	7.2	6.7	8.8	9.4	10.2			
INCOME TAX RATE				36.1%	33.8%	17.9%	22.9%	--	23.5%	32.4%	27.2%	19.5%			
NET PROFIT MARGIN				19.1%	19.2%	19.5%	19.4%	15.1%	14.3%	14.9%	15.4%	17.2%			
WORKING CAP'L (\$MILL)				d3.3	d5.1	d3.9	d.7	13.0	1.2	8.1	d3.3	d13.1			
LONG-TERM DEBT (\$MILL)				64.0	64.8	64.8	66.4	77.4	77.3	92.3	92.2	112.0			
SHR. EQUITY (\$MILL)				71.6	80.7	84.2	88.7	94.9	96.7	100.9	104.2	109.3			
RETURN ON TOTAL CAP'L				7.9%	7.4%	7.5%	7.0%	5.0%	4.9%	5.5%	5.9%	5.5%			
RETURN ON SHR. EQUITY				12.1%	10.9%	10.9%	10.6%	7.5%	6.9%	8.7%	9.0%	9.3%			
RETAINED TO COM EQ				3.6%	3.1%	3.2%	3.1%	.3%	NMF	1.6%	1.9%	2.3%			
ALL DIV'DS TO NET PROF				71%	72%	71%	71%	95%	105%	82%	79%	76%			
^A No. of analysts changing earn. est. in last 10 days: 0 up, 0 down, consensus 5-year earnings growth not available. ^B Based upon 3 analysts' estimates. ^C Based upon 2 analysts' estimates.															
ANNUAL RATES				of change (per share)				5 Yrs.	1 Yr.						
				Sales				3.5%	-4.5%						
				"Cash Flow"				0.5%	-0.5%						
				Earnings				-0.5%	7.0%						
				Dividends				1.5%	2.5%						
				Book Value				3.0%	3.5%						
Fiscal Year				QUARTERLY SALES (\$mill.)				Full Year							
				1Q	2Q	3Q	4Q								
12/31/07				13.2	14.4	17.0	14.4	59.0							
12/31/08				12.6	16.0	17.0	14.7	61.3							
12/31/09				13.4	15.1	16.6	14.3	59.4							
12/31/10															
Fiscal Year				EARNINGS PER SHARE				Full Year							
				1Q	2Q	3Q	4Q								
12/31/06				.21	.12	.45	.03	.81							
12/31/07				.18	.22	.46	.19	1.05							
12/31/08				.20	.35	.34	.22	1.11							
12/31/09				.13	.27	.66	.13	1.19							
12/31/10				.15	.29	.47									
Cal-endar				QUARTERLY DIVIDENDS PAID				Full Year							
				1Q	2Q	3Q	4Q								
2007				.215	.215	.218	.218	.87							
2008				.218	.218	.222	.222	.88							
2009				.222	.222	.228	.228	.90							
2010				.228											
INSTITUTIONAL DECISIONS				2Q'09				3Q'09	4Q'09						
				to Buy				29	26	30					
				to Sell				23	19	16					
				Hld's(000)				2776	2860	2957					
ASSETS (\$mill.)				2007				2008	12/31/09						
				Cash Assets				8.6	.7	5.4					
				Receivables				11.1	12.0	6.5					
				Inventory (Avg cost)				1.0	1.1	1.1					
				Other				2.3	2.0	7.0					
				Current Assets				23.0	15.8	20.0					
LIABILITIES (\$mill.)				2007				2008	12/31/09						
				Acc'ts Payable				6.0	5.7	6.5					
				Debt Due				6.5	12.1	25.0					
				Other				2.4	1.3	1.6					
				Current Liab				14.9	19.1	33.1					
LONG-TERM DEBT AND EQUITY as of 12/31/09															
Total Debt \$137.0 mill.				Due in 5 Yrs. \$25.0 mill.											
LT Debt \$112.0 mill.															
Including Cap. Leases None				(51% of Cap'l)											
Leases, Uncapitalized Annual rentals \$3 mill.															
Pension Liability \$14.9 mill. in '09 vs. \$16.7 mill. in '08															
Pfd Stock \$.7 mill.				Pfd Div'd Paid NMF											
Common Stock 8,573,744 shares				(49% of Cap'l)											
INDUSTRY: Water Utility															
BUSINESS: Connecticut Water Service, Inc. primarily operates as a water utility company in Connecticut. It operates through three segments: Water Activities, Real Estate Transactions, and Services and Rentals. The Water Activities segment supplies public drinking water to its customers. The Real Estate Transactions segment involves in the sale of its limited excess real estate holdings. The Services and Rentals segment provides contracted services to water and wastewater utilities and other clients, as well as leases certain of its properties to third parties. This segment's services include contract operations of water and wastewater facilities; Linebacker, its service line protection plan for public drinking water customers; and provision of bulk deliveries of emergency drinking water to businesses and residences via tanker truck. As of December 3, 2009, it provided water to more than 90,000 customers, or about 300,000 people, in 54 towns throughout Connecticut. Has 225 employees. Chairman, C.E.O. & President: Eric W. Thomburg, Inc.: CT. Address: 93 West Main Street, Clinton, CT 06413. Tel.: (860) 669-8636. Internet: http://www.ctwater.com . W.T.															
April 23, 2010															
TOTAL SHAREHOLDER RETURN															
Dividends plus appreciation as of 3/31/2010															
3 Mos. 6 Mos. 1 Yr. 3 Yrs. 5 Yrs.															
-5.13% 6.01% 19.52% 8.37% 12.11%															

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MIDDLESEX WATER NDQ-MSEX				RECENT PRICE	17.44	TRAILING P/E RATIO	24.2	RELATIVE P/E RATIO	1.28	DIV'D YLD	4.1%	VALUE LINE
RANKS		18.73 14.69	20.04 13.73	21.23 15.77	21.81 16.65	23.47 17.07	20.50 16.50	20.24 16.93	19.83 12.05	17.91 11.64	18.00 16.16	High Low
PERFORMANCE	2 Above Average	<div>LEGENDS</div> <div>— 12 Mos Mov Avg</div> <div>.... Rel Price Strength</div> <div>3-for-2 split 1/02</div> <div>4-for-3 split 11/03</div> <div>Shaded area indicates recession</div>										
Technical	2 Above Average											
SAFETY	2 Above Average											
BETA .75	(1.00 = Market)											
Financial Strength	B+											
Price Stability	95											
Price Growth Persistence	40											
Earnings Predictability	90											
© VALUE LINE PUBLISHING, INC.		2001	2002	2003	2004	2005	2006	2007	2008	2009	2010/2011	
SALES PER SH		5.87	5.98	6.12	6.25	6.44	6.16	6.50	6.79	6.75		
"CASH FLOW" PER SH		1.18	1.20	1.15	1.28	1.33	1.33	1.49	1.53	1.40		
EARNINGS PER SH		.66	.73	.61	.73	.71	.82	.87	.89	.72	NA/NA	
DIV'DS DECL'D PER SH		.62	.63	.65	.66	.67	.68	.69	.70	.71		
CAP'L SPENDING PER SH		1.25	1.59	1.87	2.54	2.18	2.31	1.66	2.12	1.49		
BOOK VALUE PER SH		7.11	7.39	7.60	8.38	8.60	9.82	10.05	10.28	10.33		
COMMON SHS OUTST'G (MILL)		10.17	10.36	10.48	11.36	11.58	13.17	13.25	13.40	13.52		
AVG ANN'L P/E RATIO		24.6	23.5	30.0	26.4	27.4	22.7	21.6	19.8	21.0	NA/NA	
RELATIVE P/E RATIO		1.26	1.28	1.71	1.39	1.45	1.23	1.15	1.19	1.40		
AVG ANN'L DIV'D YIELD		3.8%	3.7%	3.5%	3.4%	3.5%	3.7%	3.7%	4.0%	4.7%		
SALES (\$MILL)		59.6	61.9	64.1	71.0	74.6	81.1	86.1	91.0	91.2	Bold figures are consensus earnings estimates and, using the recent prices, P/E ratios.	
OPERATING MARGIN		47.2%	47.1%	44.0%	44.4%	44.4%	47.4%	47.0%	46.9%	42.6%		
DEPRECIATION (\$MILL)		5.3	5.0	5.6	6.4	7.2	7.8	8.2	8.5	9.2		
NET PROFIT (\$MILL)		7.0	7.8	6.6	8.4	8.5	10.0	11.8	12.2	10.0		
INCOME TAX RATE		34.8%	33.3%	32.8%	31.1%	27.6%	33.4%	32.6%	33.2%	34.1%		
NET PROFIT MARGIN		11.7%	12.5%	10.3%	11.9%	11.4%	12.4%	13.8%	13.4%	10.9%		
WORKING CAP'L (\$MILL)		d.9	d9.3	d13.3	d11.8	d4.5	2.8	d9.6	d40.9	d38.6		
LONG-TERM DEBT (\$MILL)		88.1	87.5	97.4	115.3	128.2	130.7	131.6	118.2	124.9		
SHR. EQUITY (\$MILL)		76.4	80.6	83.7	99.2	103.6	133.3	137.1	141.2	143.0		
RETURN ON TOTAL CAP'L		5.6%	6.0%	5.0%	5.1%	5.0%	5.1%	5.6%	5.8%	5.0%		
RETURN ON SHR. EQUITY		9.1%	9.6%	7.9%	8.5%	8.2%	7.5%	8.6%	8.6%	7.0%		
RETAINED TO COM EQ		.5%	1.3%	NMF	.9%	.5%	1.2%	1.8%	1.9%	.1%		
ALL DIV'DS TO NET PROF		94%	87%	106%	90%	94%	84%	79%	78%	98%		
Note: No analyst estimates available.												
ANNUAL RATES						INDUSTRY: Water Utility						
of change (per share)						ASSETS (\$mill.)						
5 Yrs.						2007						
1 Yr.						2008						
Sales						12/31/09						
2.0%						2.0						
-0.5%						3.3						
"Cash Flow"						4.3						
4.0%						12.8						
-8.5%						14.3						
Earnings						10.6						
3.5%						1.2						
-19.0%						1.5						
Dividends						1.6						
1.5%						1.4						
1.5%						1.5						
Book Value						5.5						
5.5%						17.4						
0.5%						20.6						
						22.0						
Fiscal Year	QUARTERLY SALES (\$mill.)				Full Year	Property, Plant & Equip, at cost						
	1Q	2Q	3Q	4Q		398.6						
12/31/07	19.0	21.8	24.1	21.2	86.1	436.8						
12/31/08	20.8	23.0	25.7	21.5	91.0	453.6						
12/31/09	20.6	23.1	25.5	22.0	91.2	77.1						
12/31/10						64.7						
						333.9						
						366.3						
						376.5						
						41.4						
						53.1						
						59.6						
						392.7						
						440.0						
						458.1						
Fiscal Year	EARNINGS PER SHARE				Full Year	LIABILITIES (\$mill.)						
	1Q	2Q	3Q	4Q		6.5						
12/31/06	.15	.25	.28	.14	.82	5.7						
12/31/07	.13	.24	.31	.19	.87	4.3						
12/31/08	.15	.26	.35	.13	.89	9.0						
12/31/09	.10	.21	.29	.12	.72	43.9						
12/31/10						46.6						
						11.5						
						11.9						
						9.8						
						27.0						
						61.5						
						60.7						
LONG-TERM DEBT AND EQUITY as of 12/31/09												
Total Debt \$171.5 mill. Due in 5 Yrs. \$63.0 mill.												
LT Debt \$124.9 mill.												
Including Cap. Leases None												
(47% of Cap'l)												
Leases, Uncapitalized Annual rentals None												
Pension Liability \$25.7 mill. in '09 vs. \$25.5 mill. in '08												
Pfd Stock \$3.4 mill. Pfd Div'd Paid \$.2 mill. (1% of Cap'l)												
Common Stock 13,519,000 shares (52% of Cap'l)												
INSTITUTIONAL DECISIONS												
		2Q'09	3Q'09	4Q'09								
to Buy		41	30	32								
to Sell		33	28	20								
Hld's(000)		4902	4958	4846								
TOTAL SHAREHOLDER RETURN												
Dividends plus appreciation as of 3/31/2010												
3 Mos.		6 Mos.		1 Yr.		3 Yrs.		5 Yrs.				
-2.18%		15.58%		24.13%		5.05%		13.25%				


PENNICHUCK CORP				NDQ-PNW		RECENT PRICE	23.36	TRAILING P/E RATIO	42.5	RELATIVE P/E RATIO	2.24	DIV'D YLD	3.1%	VALUE LINE
RANKS		20.25	24.30	26.25	22.34	22.00	25.90	26.92	28.48	24.80	23.51	High		
		14.49	17.63	15.18	17.99	18.10	17.00	20.05	14.75	16.56	19.00	Low		
PERFORMANCE	3 Average	<div>LEGENDS</div> <div>12 Mos Mov Avg</div> <div>Rel Price Strength</div> <div>4-for-3 split 12/01</div> <div>4-for-3 split 6/05</div> <div>Shaded area indicates recession</div> 												
Technical	3 Average													
SAFETY	3 Average													
BETA	.50 (1.00 = Market)													
Financial Strength	B+													
Price Stability	90													
Price Growth Persistence	50													
Earnings Predictability	30													
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	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010/2011				
SALES PER SH	7.15	7.35	6.69	7.15	5.67	5.81	6.99	7.29	7.05					
"CASH FLOW" PER SH	2.09	2.00	1.53	1.57	.89	.99	1.77	2.10	1.43					
EARNINGS PER SH	1.14	1.13	.62	.60	.13	.14	.84	1.11	.55		.72 ^A /.79 ^C			
DIV'DS DECL'D PER SH	.57	.59	.63	.65	.66	.66	.66	.66	.70					
CAP'L SPENDING PER SH	2.58	1.65	2.25	1.69	2.60	5.08	4.25	3.45	1.76					
BOOK VALUE PER SH	9.61	9.55	9.44	9.37	10.89	10.57	10.78	11.24	11.87					
COMMON SHS OUTST'G (MILL)	3.18	3.19	3.19	3.22	4.19	4.21	4.23	4.25	4.65					
AVG ANN'L P/E RATIO	14.5	18.1	30.3	32.7	NMF	NMF	29.1	20.0	38.9		32.4/29.6			
RELATIVE P/E RATIO	.74	.99	1.73	1.73	NMF	NMF	1.54	1.20	2.60					
AVG ANN'L DIV'D YIELD	3.4%	2.9%	3.4%	3.3%	3.3%	3.2%	2.7%	3.0%	3.3%					
SALES (\$MILL)	22.8	23.4	21.4	23.0	23.8	24.5	29.5	31.0	32.8		Bold figures are consensus earnings estimates and, using the recent prices, P/E ratios.			
OPERATING MARGIN	51.0%	44.5%	37.9%	40.7%	34.0%	30.7%	39.3%	47.0%	48.4%					
DEPRECIATION (\$MILL)	3.0	2.8	2.9	3.1	3.3	3.6	3.9	4.2	4.3					
NET PROFIT (\$MILL)	3.6	3.6	2.0	1.9	.5	.6	3.6	4.7	2.4					
INCOME TAX RATE	39.1%	37.2%	38.9%	38.4%	38.0%	38.0%	39.2%	36.7%	39.6%					
NET PROFIT MARGIN	15.9%	15.4%	9.2%	8.4%	2.0%	2.3%	12.1%	15.2%	7.3%					
WORKING CAP'L (\$MILL)	3.5	4.6	.4	d11.0	19.2	3.2	2.9	d1.9	.6					
LONG-TERM DEBT (\$MILL)	27.1	26.9	26.9	16.9	41.3	47.7	58.0	59.6	54.3					
SHR. EQUITY (\$MILL)	30.6	30.4	30.2	30.2	45.6	44.6	45.6	47.8	55.2					
RETURN ON TOTAL CAP'L	8.0%	8.0%	5.1%	5.9%	1.7%	2.2%	4.8%	6.2%	3.9%					
RETURN ON SHR. EQUITY	11.8%	11.8%	6.5%	6.4%	1.0%	1.3%	7.9%	9.9%	4.3%					
RETAINED TO COM EQ	5.9%	5.5%	NMF	NMF	NMF	NMF	1.7%	4.0%	NMF					
ALL DIV'DS TO NET PROF	50%	54%	102%	107%	NMF	NMF	78%	59%	NMF					
^A No. of analysts changing earn. est. in last 10 days: 0 up, 1 down, consensus 5-year earnings growth not available. ^B Based upon 3 analysts' estimates. ^C Based upon 3 analysts' estimates.														
ANNUAL RATES														
of change (per share)	5 Yrs.	1 Yr.												
Sales	-	-3.5%												
"Cash Flow"	1.0%	-31.5%												
Earnings	1.0%	-50.5%												
Dividends	1.5%	6.0%												
Book Value	3.5%	5.5%												
			ASSETS (\$mill.)			2007	2008	12/31/09						
			Cash Assets			9.0	1.1	1.6						
			Receivables			4.7	5.1	4.4						
			Inventory (Avg cost)			1.1	.9	.7						
			Other			1.0	1.8	2.8						
			Current Assets			15.8	8.9	9.5						
			LIABILITIES (\$mill.)											
			Accts Payable			1.9	.4	1.1						
			Debt Due			6.7	6.7	5.9						
			Other			4.3	3.7	1.9						
			Current Liab			12.9	10.8	8.9						
			LONG-TERM DEBT AND EQUITY as of 12/31/09											
			Total Debt \$60.2 mill.			Due in 5 Yrs. \$9.5 mill.								
			LT Debt \$54.3 mill.											
			Including Cap. Leases None			(50% of Cap'l)								
			Leases, Uncapitalized Annual rentals \$4 mill.											
			Pension Liability \$5.7 mill. in '09 vs. \$6.4 mill. in '08											
			Pfd Stock None			Pfd Div'd Paid None								
			Common Stock 4,651,058 shares			(50% of Cap'l)								
INSTITUTIONAL DECISIONS														
		2Q'09	3Q'09	4Q'09										
to Buy		28	19	25										
to Sell		12	19	10										
Hld's(000)		2314	2358	2520										
INDUSTRY: Water Utility														
BUSINESS: Pennichuck Corporation, through its subsidiaries, engages in the collection, storage, treatment, and distribution of potable water for domestic, industrial, commercial, and fire protection service in southern and central New Hampshire. The company also provides non-regulated water management services, including monitoring, maintenance, testing, and compliance reporting services for water systems of various towns, businesses, and residential communities. In addition, it engages in real estate planning, development, and management of residential, commercial, industrial, and retail properties. Further, Pennichuck controls approximately 450 acres of developable land in Nashua and Merrimack, New Hampshire. It serves Nashua, New Hampshire and 10 surrounding municipalities in southern New Hampshire with an estimated total population of 110,000. Has 101 employees. C.E.O. & President: Duane C. Montopoli. Inc.: NH. Address: 25 Manchester Street, Merrimack, NH 03054. Tel.: (603) 882-5191. Internet: http://www.pennichuck.com .														
W.T.														
April 23, 2010														
TOTAL SHAREHOLDER RETURN														
Dividends plus appreciation as of 3/31/2010														
		3 Mos.	6 Mos.	1 Yr.	3 Yrs.	5 Yrs.								
		12.27%	9.86%	18.76%	11.61%	5.56%								

SJW CORP. NYSE-SJW			RECENT PRICE	27.27	TRAILING P/E RATIO	33.7	RELATIVE P/E RATIO	1.77	DIV'D YLD	2.5%	VALUE LINE				
RANKS			17.83	15.07	14.95	19.64	27.80	45.33	43.00	35.11	30.44	27.60	High		
PERFORMANCE			3	Average	11.58	12.67	12.57	14.60	16.07	21.16	27.65	20.05	18.22	21.60	Low
Technical			3	Average											
SAFETY			3	Average											
BETA			.95	(1.00 = Market)											
Financial Strength			8+												
Price Stability			65												
Price Growth Persistence			75												
Earnings Predictability			85												
© VALUE LINE PUBLISHING, INC.															
		2001	2002	2003	2004	2005	2006	2007	2008	2009	2010/2011				
SALES PER SH		7.45	7.97	8.20	9.14	9.86	10.35	11.25	12.12	11.68					
"CASH FLOW" PER SH		1.49	1.55	1.75	1.89	2.21	2.38	2.30	2.44	2.21					
EARNINGS PER SH		.77	.78	.91	.87	1.12	1.19	1.04	1.08	.81					
DIV'DS DECL'D PER SH		.43	.46	.49	.51	.53	.57	.61	.65	.66					
CAP'L SPENDING PER SH		2.63	2.06	3.41	2.31	2.83	3.87	6.62	3.79	3.17					
BOOK VALUE PER SH		8.17	8.40	9.11	10.11	10.72	12.48	12.90	13.99	13.66					
COMMON SHS OUTST'G (MILL)		18.27	18.27	18.27	18.27	18.27	18.28	18.36	18.18	18.50					
AVG ANN'L P/E RATIO		18.5	17.3	15.4	19.6	19.7	23.5	33.4	26.2	28.7					
RELATIVE P/E RATIO		.95	.94	.88	1.04	1.04	1.27	1.77	1.58	1.92					
AVG ANN'L DIV'D YIELD		3.0%	3.4%	3.5%	3.0%	2.4%	2.0%	1.7%	2.3%	2.8%					
SALES (\$MILL)		136.1	145.7	149.7	166.9	180.1	189.2	206.6	220.3	216.1					
OPERATING MARGIN		64.4%	63.7%	56.0%	56.4%	55.9%	57.0%	41.8%	42.4%	42.5%					
DEPRECIATION (\$MILL)		13.2	14.0	15.2	18.5	19.7	21.3	22.9	24.0	25.6					
NET PROFIT (\$MILL)		14.0	14.2	16.7	16.0	20.7	22.2	19.3	20.2	15.2					
INCOME TAX RATE		34.5%	40.4%	36.2%	42.1%	41.6%	40.8%	39.4%	39.5%	40.4%					
NET PROFIT MARGIN		10.3%	9.8%	11.2%	9.6%	11.5%	11.7%	9.4%	9.2%	7.0%					
WORKING CAP'L (\$MILL)		d3.8	d4.9	12.0	13.0	10.8	22.2	d1.4	d11.3	d4.0					
LONG-TERM DEBT (\$MILL)		110.0	110.0	139.6	143.6	145.3	163.6	216.3	216.6	246.9					
SHR. EQUITY (\$MILL)		149.4	153.5	166.4	184.7	195.9	228.2	236.9	254.3	252.8					
RETURN ON TOTAL CAP'L		6.7%	6.9%	6.9%	6.5%	7.6%	7.0%	5.7%	5.8%	4.4%					
RETURN ON SHR. EQUITY		9.4%	9.3%	10.0%	8.7%	10.6%	9.7%	8.2%	8.0%	6.0%					
RETAINED TO COM EQ		4.1%	3.8%	4.7%	3.6%	5.6%	5.2%	3.5%	3.3%	1.2%					
ALL DIV'DS TO NET PROF		56%	59%	53%	58%	47%	46%	57%	59%	80%					
^No. of analysts changing eem. est. in last 10 days: 0 up, 0 down, consensus 5-year earnings growth not available. ^Based upon 2 analysts' estimates. ^Based upon 2 analysts' estimates.															
ANNUAL RATES			ASSETS (\$mill.)			2007	2008	12/31/09	INDUSTRY: Water Utility						
of change (per share)			5 Yrs.	1 Yr.	Cash Assets	2.4	3.4	1.4	BUSINESS: SJW Corporation, through its subsidiaries, engages in the production, purchase, storage, purification, distribution, and retail sale of water. The company offers nonregulated water-related services, including water system operations, cash remittances, and maintenance contract services. SJW also owns undeveloped land; a 70% limited partnership interest in 444 West Santa Clara Street, L.P.; and operates commercial buildings in Arizona, California, Connecticut, Florida, Tennessee, and Texas. As of September 30, 2009, SJW provided water service to approximately 226,000 connections that served a population of approximately one million people in the San Jose area. It also provides water service to approximately 8,700 connections that serve approximately 36,000 residents in a service area in the region between San Antonio and Austin, Texas. Has 375 employees. Chairman: Charles J. Toeniskoetter, Inc.: CA. Address: 110 W. Taylor Street, San Jose, CA 95110. Tel.: (408) 279-7800. Internet: http://www.sjwater.com .						
Sales			6.5%	-3.5%	Receivables	23.0	24.5	23.3							
"Cash Flow"			6.0%	-9.5%	Inventory	.8	.9	1.0							
Earnings			3.0%	-25.5%	Other	5.4	3.2	2.3							
Dividends			5.5%	2.5%	Current Assets	31.6	32.0	28.0							
Book Value			8.0%	-2.5%	Property, Plant & Equip, at cost	904.3	958.7	1020.7	W.T. April 23, 2010						
Fiscal Year			1Q	2Q	3Q	4Q	Full Year	Accum Depreciation					258.8	274.5	302.2
12/31/07			39.0	55.1	64.9	47.6	206.6	Net Property					645.5	684.2	718.5
12/31/08			41.3	60.0	69.5	49.5	220.3	Other					90.2	134.7	132.0
12/31/09			40.0	58.2	69.3	48.6	216.1	Total Assets					767.3	850.9	878.5
12/31/10															
Fiscal Year			1Q	2Q	3Q	4Q	Full Year	LIABILITIES (\$mill.)							
12/31/06			.14	.35	.48	.22	1.19	Accts Payable	9.3	5.8	6.6				
12/31/07			.12	.29	.43	.20	1.04	Debt Due	5.6	19.1	6.9				
12/31/08			.15	.34	.44	.15	1.08	Other	18.1	18.4	18.5				
12/31/09			.01	.23	.43	.14	.81	Current Liab	33.0	43.3	32.0				
12/31/10			.05	.26	.48										
Cal-endar			1Q	2Q	3Q	4Q	Full Year	LONG-TERM DEBT AND EQUITY as of 12/31/09							
2007			.151	.151	.151	.151	.60	Total Debt \$253.8 mill.							
2008			.161	.161	.161	.161	.64	Due in 5 Yrs. \$21.5 mill.							
2009			.165	.165	.165	.165	.66	LT Debt \$246.9 mill.							
2010			.17					Including Cap. Leases None							
INSTITUTIONAL DECISIONS			2Q'09	3Q'09	4Q'09	Leases, Uncapitalized Annual rentals None									
to Buy			43	34	43	Pension Liability \$47.5 mill. in '09 vs. \$42.3 mill. in '08									
to Sell			40	29	24	Pfd Stock None									
Hld's(000)			8694	8607	8827	Pfd Div'd Paid None									
						Common Stock 18,499,602 shares									
						(51% of Cap'l)									
TOTAL SHAREHOLDER RETURN															
Dividends plus appreciation as of 3/31/2010															
3 Mos.			6 Mos.			1 Yr.			3 Yrs.			5 Yrs.			
13.50%			12.94%			3.07%			-32.38%			62.58%			

YORK WATER CO		NDQ--YORW		RECENT PRICE	13.96	TRAILING P/E RATIO	21.8	RELATIVE P/E RATIO	1.15	DIV'D YLD	3.7%	VALUE LINE
RANKS		10.22	13.45	13.49	14.03	17.87	20.99	18.55	16.50	17.95	15.00	High
		5.67	8.20	9.33	11.00	11.67	15.33	15.45	6.23	9.74	13.04	Low
PERFORMANCE	3	Average										
Technical	3	Average										
SAFETY	3	Average										
BETA	.65	(1.00 = Market)										
Financial Strength	B+											
Price Stability	85											
Price Growth Persistence	55											
Earnings Predictability	95											
© VALUE LINE PUBLISHING, INC.												
		2001	2002	2003	2004	2005	2006	2007	2008	2009	2010/2011	
REVENUES PER SH		2.05	2.05	2.17	2.18	2.58	2.56	2.79	2.89	2.95		
"CASH FLOW" PER SH		.59	.57	.65	.65	.79	.77	.86	.88	.95		
EARNINGS PER SH		.43	.40	.47	.49	.56	.58	.57	.57	.64		
DIV'D DECL'D PER SH		.34	.35	.37	.39	.42	.45	.48	.49	.51		.68 ^A /.72 ^C
CAP'L SPENDING PER SH		.75	.66	1.07	2.50	1.69	1.85	1.69	2.17	1.18		
BOOK VALUE PER SH		3.79	3.90	4.06	4.65	4.85	5.84	5.97	6.14	6.92		
COMMON SHS OUTST'G (MILL)		9.46	9.55	9.63	10.33	10.40	11.20	11.27	11.37	12.56		
AVG ANN'L P/E RATIO		17.9	26.9	24.5	25.7	26.3	31.2	30.3	24.6	21.9		20.5/19.4
RELATIVE P/E RATIO		.92	1.47	1.40	1.36	1.39	1.68	1.61	1.48	1.46		
AVG ANN'L DIV'D YIELD		4.3%	3.3%	3.2%	3.1%	2.9%	2.5%	2.8%	3.5%	3.6%		
REVENUES (\$MILL)		19.4	19.6	20.9	22.5	26.8	28.7	31.4	32.8	37.0		
NET PROFIT (\$MILL)		4.0	3.8	4.4	4.8	5.8	6.1	6.4	6.4	7.5		
INCOME TAX RATE		35.8%	34.9%	34.8%	36.7%	36.7%	34.4%	36.5%	36.1%	37.9%		
AFUDC % TO NET PROFIT		2.2%	3.7%	--	--	--	7.2%	3.6%	10.1%	--		
LONG-TERM DEBT RATIO		47.7%	46.7%	43.4%	42.5%	44.1%	48.3%	46.5%	54.5%	45.7%		
COMMON EQUITY RATIO		52.3%	53.3%	56.6%	57.5%	55.9%	51.7%	53.5%	45.5%	54.3%		
TOTAL CAPITAL (\$MILL)		68.6	69.9	69.0	83.6	90.3	126.5	125.7	153.4	160.1		
NET PLANT (\$MILL)		102.3	106.7	116.5	140.0	155.3	174.4	191.6	211.4	222.0		
RETURN ON TOTAL CAP'L		7.9%	7.4%	8.5%	7.6%	8.4%	6.2%	6.7%	5.7%	6.2%		
RETURN ON SHR. EQUITY		11.2%	10.2%	11.4%	10.0%	11.6%	9.3%	9.5%	9.2%	8.6%		
RETURN ON COM EQUITY		11.2%	10.2%	11.4%	10.0%	11.6%	9.3%	9.5%	9.2%	8.6%		
RETAINED TO COM EQ		2.5%	1.3%	2.6%	2.1%	3.0%	2.2%	1.7%	1.4%	1.9%		
ALL DIV'DS TO NET PROF		78%	88%	77%	79%	74%	77%	82%	85%	78%		
^A No. of analysts changing earn. est. in last 10 days: 0 up, 0 down, consensus 5-year earnings growth 6.0% per year. ^B Based upon 4 analysts' estimates. ^C Based upon 4 analysts' estimates.												
ANNUAL RATES						INDUSTRY: Water Utility						
of change (per share)						BUSINESS: The York Water Company engages in the impounding, purification, and distribution of water in York County and Adams County, Pennsylvania. The company supplies water for residential, commercial, industrial, and other customers. It has two reservoirs, Lake Williams, which is 700 feet long and 58 feet high, and creates a reservoir covering approximately 165 acres containing about 870 million gallons of water; and Lake Redman, which is 1,000 feet long and 52 feet high and creates a reservoir covering approximately 290 acres containing about 1.3 billion gallons of water. In addition, the company possesses a 15-mile pipeline from the Susquehanna River to Lake Redman that provides access to an additional supply of water. As of December 31, 2009, the company served approximately 180,000 residential, commercial, industrial, and other customers in 39 municipalities in York County and seven municipalities in Adams County. Has 111 employees. C.E.O. & President: Jeffrey R. Hines, Inc.: PA. Address: 130 East Market Street, York, PA 17401. Tel.: (717) 845-3601. Internet: http://www.yorkwater.com .						
5 Yrs.						W.T.						
1 Yr.						April 23, 2010						
Revenues						TOTAL SHAREHOLDER RETURN						
"Cash Flow"						Dividends plus appreciation as of 3/31/2010						
Earnings						3 Mos.						
Dividends						6 Mos.						
Book Value						1 Yr.						
						3 Yrs.						
						5 Yrs.						
						-4.36%						
						1.00%						
						15.19%						
						-10.47%						
						26.22%						

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 Custom Report - Artesian Res Corp (ARTNA)						Enter ticker: ARTNA	Get Profile
Symbol	Last	Open	Change	% Change	Year High	Year Low	Last Trade
ARTNA	NA	NA	+NA	+NA%	NA	NA	2010-04-19 - Closed

Pricing/Earnings		Ratings*		% Annualized Return (EOM)		
Recent Price	18.39	Financial Strength	NMF		This	VL Arith.
P/E Ratio	NMF	Stock's Price Stability	100		Stock	Index
P/E (Trailing)	18.959	Price Growth Persistence	50	1 yr	31.822	91.065
P/E (Median)	21	Earnings Predictability	85	3 yrs	-1.004	2.471
Rel. P/E Ratio	0.998			5 yrs	4.085	7.382

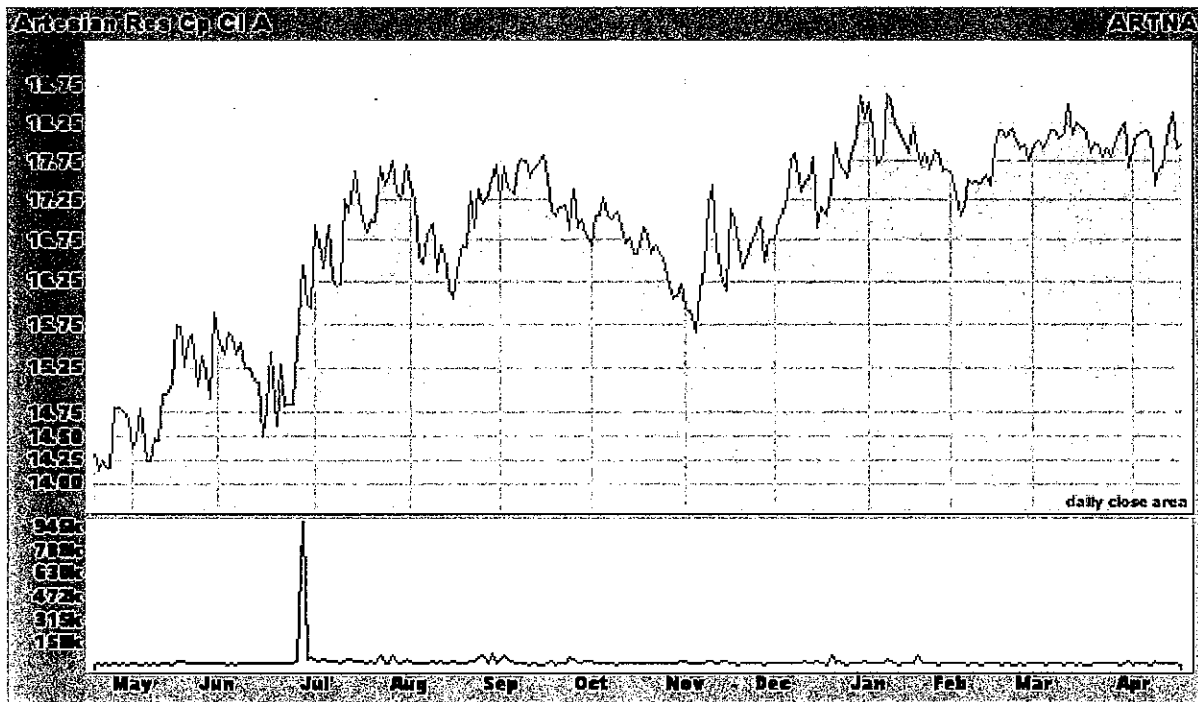
Value Line Ranks*		3 to 5 Year Projections			
Performance: 3	(Raised - 04/02/2010)	Price	Gain	Ann'l Tot. Return	
Safety: 2	(Lowered - 04/23/2010)	High	N/A	N/A	N/A
Technical: 3	(Raised - 10/16/2009)	Low	N/A	N/A	N/A
Industry: 92	(Water Utility)				
BETA: 0.55	(1.00 = Market)				

**Data based on the latest 04/23/2010 issue.*

Business Profile
BUSINESS: Artesian Resources Corporation, through its subsidiaries, engages in the distribution and sale of water to residential, commercial, industrial, governmental, municipal, and utility customers in the state of Delaware. It also provides water for public and private fire protection to customers in its service territories. In addition, the company offers wastewater services, as well as designs and constructs wastewater facilities and infrastructure. As of December 31, 2006, Artesian Resources had approximately 73,800 metered customers and served a population of approximately 243,000. As of the above date, it served customers through approximately 1,050 miles of transmission and distribution mains. Has 198 employees. Chairman, C.E.O. & President: Dian C. Taylor. Address: 664 Churchmans Rd., Newark, DE 19702. Tel.: 302 453-6900. Internet: http://www.artesianwater.com

Company Commentary
Commentary is unavailable for the company.

Company Performance Chart



Provided by The RealNetworks

Income Statement					
2007	2008	2009	2010	2011	Value Line Pub., Inc.
7.195	7.592	NMF	NMF	NMF	Revenues per sh.
1.565	1.648	NMF	NMF	NMF	Cash-Flow per sh.
0.9	0.86	NMF	NMF	NMF	Earnings per sh.
1.328	1.414	NMF	NMF	NMF	Div'ds Decl'd per sh.
3.662	6.088	NMF	NMF	NMF	Cap'l Spending per sh.
11.662	11.862	NMF	NMF	NMF	Book Value per sh.
7.3	7.401	NMF	NMF	NMF	Common Shs Outst'g (mil)
21.472	20.07	NMF	NMF	NMF	Avg Ann'l P/E Ratio
1.14	1.208	NMF	NMF	NMF	Relative P/E Ratio
6.872	8.192	NMF	NMF	NMF	Avg Ann'l Div'd Yield (%)
52.524	56.185	NMF	NMF	NMF	Revenues (\$mil)
45.56	45.054	NMF	NMF	NMF	Operation Margin (%)
5.162	5.782	NMF	NMF	NMF	Depreciation (\$mil)
6.263	6.418	NMF	NMF	NMF	Net Profit (\$mil)
39.761	40.821	NMF	NMF	NMF	Income Tax Rate (%)
11.924	11.423	NMF	NMF	NMF	Net Profit Margin (%)
2.48	-20.905	NMF	NMF	NMF	Working Cap'l (\$mil)
91.757	107.555	NMF	NMF	NMF	Long-Term Debt (\$mil)
85.132	87.794	NMF	NMF	NMF	Shr. Equity (\$mil)
5.274	4.704	NMF	NMF	NMF	Return on Total Cap'l (%)

7.357	7.31	NMF	NMF	NMF	Return on Shr. Equity (%)
2.124	1.395	NMF	NMF	NMF	Retained to Com. Eq. (%)
71.132	80.913	NMF	NMF	NMF	All Div'ds to Net Profit (%)
<< More					
Income Statement					
2002	2003	2004	2005	2006	Value Line Pub., Inc.
5.973	6.203	6.67	7.521	7.766	Revenues per sh.
1.271	1.279	1.423	1.561	1.755	Cash-Flow per sh.
0.76	0.64	0.72	0.813	0.97	Earnings per sh.
0.516	1.064	1.107	1.16	0.61	Div'ds Decl'd per sh.
3.177	4.198	4.819	3.349	5.076	Cap'l Spending per sh.
8.835	9.005	9.259	9.602	10.154	Book Value per sh.
5.792	5.851	5.934	6.021	6.086	Common Shs Outst'g (mil)
17.304	24.695	25.383	24.218	20.29	Avg Ann'l P/E Ratio
0.945	1.408	1.341	1.289	1.096	Relative P/E Ratio
3.924	6.732	6.057	5.892	3.099	Avg Ann'l Div'd Yield (%)
34.597	36.295	39.582	45.285	47.265	Revenues (\$mil)
99.554	100	100	99.997	45.553	Operation Margin (%)
3.238	3.635	4.046	4.364	4.609	Depreciation (\$mil)
4.167	3.917	4.402	5.035	6.071	Net Profit (\$mil)
40.403	37.865	39.649	39.931	39.034	Income Tax Rate (%)
12.044	10.792	11.121	11.118	12.845	Net Profit Margin (%)
2.389	-10.463	-8.782	-1.832	-8.877	Working Cap'l (\$mil)
63.97	80.558	82.356	92.379	92.073	Long-Term Debt (\$mil)
51.276	52.691	54.943	57.813	61.8	Shr. Equity (\$mil)
5.567	NMF	NMF	5.322	5.805	Return on Total Cap'l (%)
8.127	7.434	8.012	8.709	9.824	Return on Shr. Equity (%)
2.82	1.404	2.066	2.707	3.814	Retained to Com. Eq. (%)
65.371	81.108	74.216	68.918	61.176	All Div'ds to Net Profit (%)
>> Back					

Quarterly Sales (\$Mill)					
Fiscal Year	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2006	10.4	12.1	12.9	11.9	47.3
2007	11.6	12.9	15.1	12.9	52.5
2008	12.3	13.9	15.7	14.3	56.2
2009	13.9	15.4	16.2	15.5	61.0
2010	N/A	N/A	N/A	N/A	N/A
Earnings per Share					
Fiscal Year	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2006	0.16	0.22	0.42	0.17	0.97

2007	0.18	0.19	0.37	0.14	0.88
2008	0.13	0.21	0.35	0.17	0.86
2009	0.22	0.27	0.28	0.20	0.97
2010	0.22	0.28	0.36	0.21	1.07
Quarterly Dividends Paid					
Calendar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2006	0.150	0.150	0.150	0.160	0.61
2007	N/A	N/A	N/A	N/A	N/A
2008	N/A	N/A	N/A	N/A	N/A
2009	N/A	N/A	N/A	N/A	N/A
2010	N/A	N/A	N/A	N/A	N/A

Institutional Decisions				Insider Decisions									
	2Q2009	3Q2009	4Q2009		M	J	J	A	S	O	N	D	J
to Buy	32	26	24	to Buy	0	0	0	0	0	0	1	0	0
to Sell	10	19	15	Options	4	2	1	3	5	1	3	1	0
Hld's(000)	1994	2045	2085	to Sell	6	2	1	3	5	1	2	1	0

Industry Commentary

The Water Utility Industry has not done too well over the last few months. Indeed, investor sentiment has remained weak for most in this group since our January review, as signs of a stabilizing economy, along with difficult operating conditions, caused many on Wall Street to look outside this space for better growth potential. Indeed, the majority of the companies here reported disappointing December-earnings results due to inclement weather and the rising costs of doing business.

Although weather conditions ought to take on more normal patterns this year, and there seems to be a more favorable regulatory landscape in place, the group still faces a stiff headwind looking ahead. The Environmental Protection Agency suggests that most water infrastructures are insufficient and are in need of significant repair, if not replacement. In fact, data reveals that nearly half of the water pipes currently in place will be classified as inadequate by the end of the decade, requiring major investment. Unfortunately, most providers do not have the finances to meet these commitments and will be forced to seek outside financing to stay afloat. The Industry, therefore, ranks near the bottom of the *Value Line Investment Survey*, with growth being limited by greater maintenance costs and the expenses associated with doing so.

Positive Industry Fundamentals

No matter how you slice it, water is one of the biggest necessities of human existence. It is used in virtually every aspect of life, providing the ultimate in job security for those who ensure its safe and effective delivery to fountains and faucets in millions of homes across the United States. And demand is only expected to increase in years to come, with the population likely to continue to grow.

With so much riding on the delivery of water, individual states have put regulatory bodies in place to oversee water utilities, and maintain a balance of power between them and customers. They are responsible for reviewing and ruling on general rate requests made by utilities to help recover costs. Although many of these authorities have tended to be public advocates in the past, the tide has turned more recently, with a more

business-friendly approach being implemented of late. Indeed, general rate cases are coming back with more favorable rulings and in a far more timely manner. The implementation of accounting mechanisms, such as those laid out in the Water Action Plan, should continue to benefit the industry and provide more predictable future results.

Troubling Costs

Despite the better regulatory environment, water providers have a difficult road ahead. Many of the current water systems were built decades ago and have grown outdated and require significant maintenance or complete overhauls. This, coupled with the growing threat of bioterrorism, ought to continue driving maintenance and infrastructure costs higher, forcing many cash-strapped companies to seek out financiers. Many smaller operations, meanwhile, unable to meet the capital requirements, are looking to get out. *SouthWest Water*, for example, has announced that it has accepted a buyout offer from a group of independent investors. As a result, it is likely nearing the end of its days in our *Survey*. This can be a boon to some of the larger players, such as *Aqua America*, which has used the consolidation trend as a way to build its business at a relatively low start-up cost. M&A activity ought to remain widespread.

Conclusion

Most investors will probably not want to dive into these waters. The majority of the stock's here lack appreciation potential for both the coming six to 12 months as well as the next 3 to 5 years. That said, *Aqua America* may pique the interest of some, as its aggressive acquisition strategy will help to drive industry-leading growth out to 2013-2015. Meanwhile, we believe that investors may have a bit of false sense of security with this group. Although these stock's healthy dividends have historically provided some shelter during times of economic uncertainty, increasing costs and a dearth of finances may eventually catch up with entities operating in this space, resulting in tempered income generation. Either way, there are better income vehicles to be found elsewhere. As always, though, we suggest that investors look through reports of each individual stock before making a financial commitment.

Andre J. Costanza

Industry Peers					
Company Name (Ticker)	Price	Market Cap (\$Mil)	Timeliness/Performance Rank	Safety Rank	Technical Rank
Amer. States Water (AWR)	37.93	702.919	4 (T)	3	3
Amer. Water Works (AWK)	21.43	3741.571	NMF	3	NMF
Aqua America (WTR)	18.08	2467.667	3 (T)	3	3
Artesian Res Corp (ARTNA)	18.39	137.631	3 (P)	2	3
Artesian Resources Corp (ARTNB)	18	134.712	3 (P)	4	2
California Water (CWT)	38.84	806.513	4 (T)	3	3
Conn. Water Services (CTWS)	23.51	201.551	3 (P)	2	3
Emera Inc (EMA.TO)	24.39	2755.582	3 (P)	NMF	3
H.E.R.C. Products Inc (HERC)	0.01	NMF	NMF	NMF	NMF
Middlesex Water (MSEX)	18.3	247.398	2 (P)	2	2
Pennichuck Corp (PNNW)	23.4	108.833	3 (P)	3	3
SJW Corp. (SJW)	27.98	517.602	3 (P)	3	3
Southwest Water (SWWC)	10.59	263.437	NMF	4	NMF
Sun Hydraulics (SNHY)	28.75	486.824	3 (P)	3	3
York Water Co (YORW)	14.09	176.942	3 (P)	3	3

Fund Owners				
Name	Shares(000's)	Value(\$000's)	% Net Assets	As of Date
Data not available for this company.				

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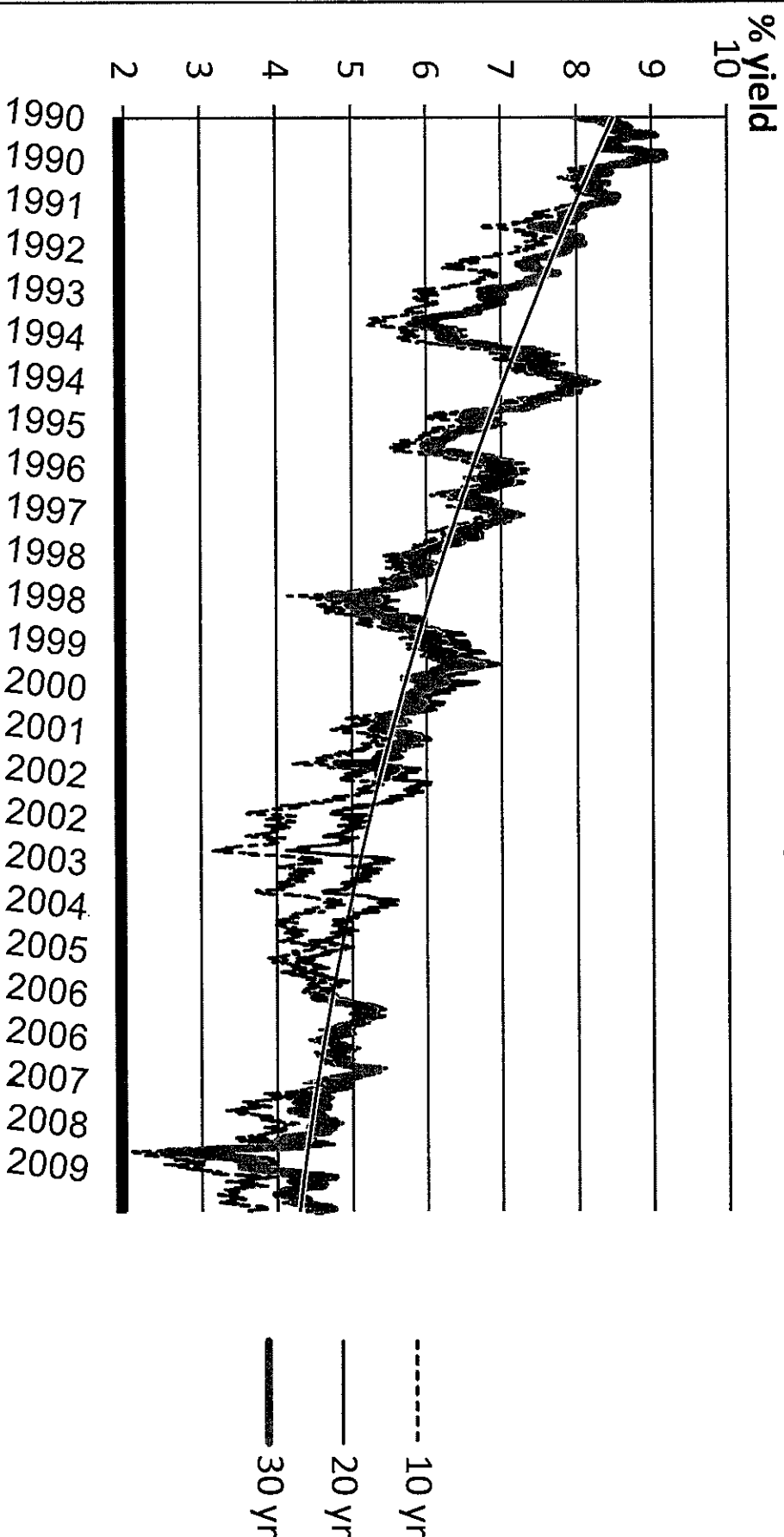
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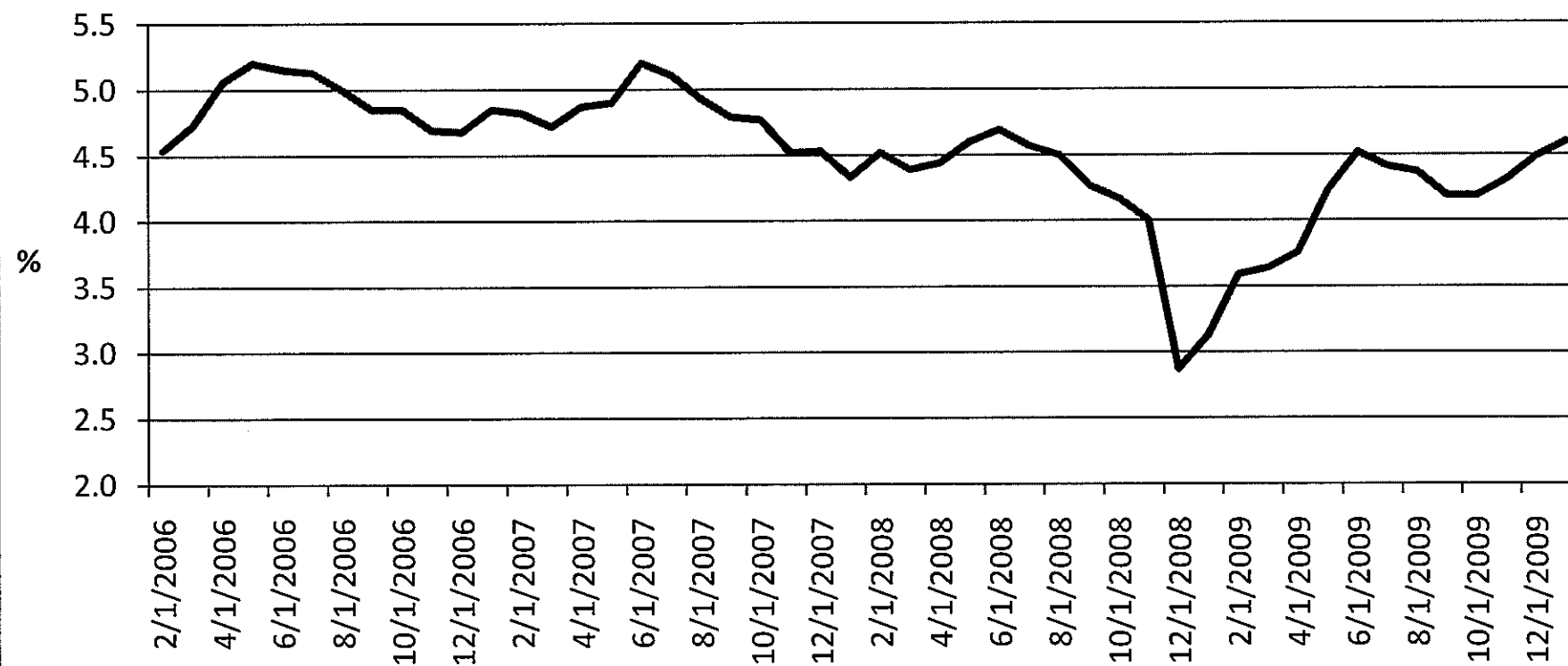
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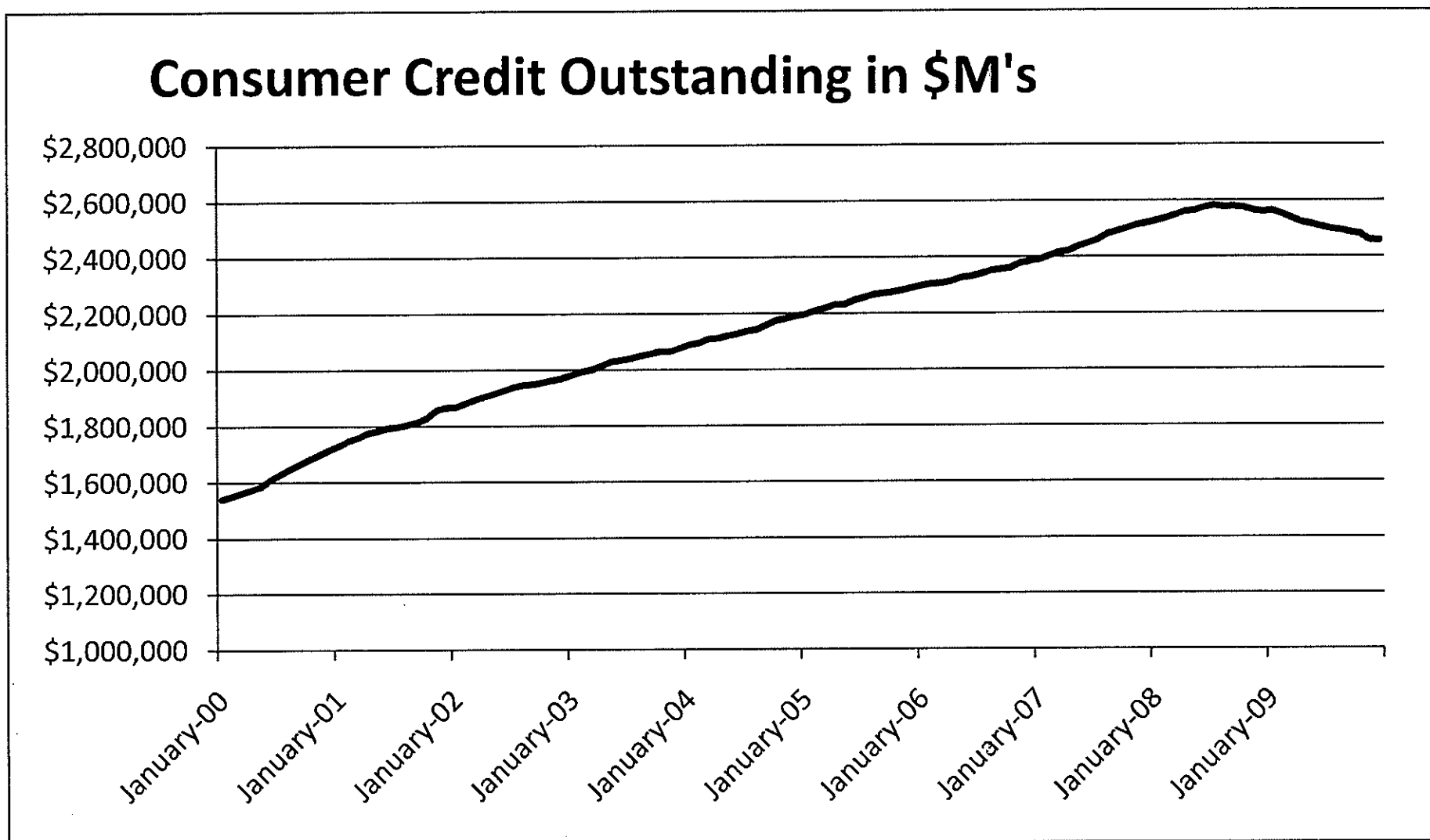
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Treasury 30-year Bonds & 20- & 10-year Securities, with 30-year Trend Line



30-Year Treasury Bonds, Constant Maturity, Since Reinstatement





Source: Federal Reserve Statistical Release G.19

2 ■ BLUE CHIP FINANCIAL FORECASTS ■ APRIL 1, 2010

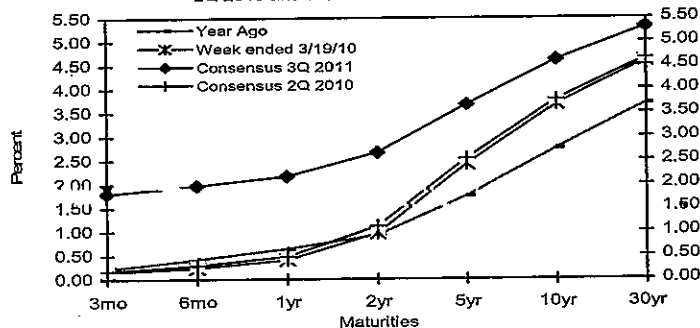
Consensus Forecasts Of U.S. Interest Rates And Key Assumptions¹

	History								Consensus Forecasts-Quarterly Avg.						
	Average For Week End				Average For Month				Latest Q*	2Q	3Q	4Q	1Q	2Q	3Q
	Mar.19	Mar.12	Mar.5	Feb.26	Feb.	Jan.	Dec.	1Q 2010	2010	2010	2010	2011	2011	2011	2011
Interest Rates															
Federal Funds Rate	0.18	0.16	0.13	0.12	0.13	0.11	0.12	0.12	0.2	0.2	0.5	0.9	1.3	1.7	
Prime Rate	3.25	3.25	3.25	3.25	3.25	3.25	3.25	3.25	3.2	3.3	3.6	4.0	4.3	4.7	
LIBOR, 3-mo.	0.27	0.26	0.25	0.25	0.25	0.25	0.25	0.25	0.3	0.5	0.8	1.2	1.6	2.0	
Commercial Paper, 1-mo.	0.17	0.16	0.13	0.14	0.13	0.13	0.14	0.13	0.2	0.3	0.7	1.1	1.5	1.9	
Treasury bill, 3-mo.	0.16	0.16	0.14	0.12	0.11	0.06	0.05	0.09	0.2	0.3	0.6	1.0	1.4	1.8	
Treasury bill, 6-mo.	0.24	0.22	0.19	0.19	0.18	0.15	0.17	0.17	0.3	0.4	0.8	1.2	1.6	2.0	
Treasury bill, 1 yr.	0.41	0.39	0.34	0.34	0.35	0.35	0.37	0.35	0.5	0.7	1.0	1.4	1.8	2.2	
Treasury note, 2 yr.	0.97	0.93	0.84	0.86	0.86	0.93	0.87	0.90	1.1	1.3	1.7	2.0	2.3	2.7	
Treasury note, 5 yr.	2.42	2.39	2.29	2.37	2.36	2.48	2.34	2.41	2.5	2.7	3.0	3.2	3.4	3.7	
Treasury note, 10 yr.	3.68	3.72	3.62	3.69	3.69	3.73	3.59	3.71	3.8	3.9	4.1	4.3	4.4	4.6	
Treasury note, 30 yr.	4.59	4.67	4.58	4.62	4.62	4.60	4.49	4.61	4.6	4.8	4.9	5.0	5.2	5.3	
Corporate Aaa bond	5.21	5.28	5.24	5.31	5.35	5.26	5.26	5.30	5.3	5.5	5.6	5.7	5.9	6.1	
Corporate Baa bond	6.21	6.30	6.26	6.33	6.34	6.25	6.37	6.29	6.3	6.5	6.7	6.8	6.9	7.1	
State & Local bonds	4.32	4.33	4.34	4.36	4.36	4.33	4.21	4.34	4.5	4.6	4.7	4.8	4.9	5.1	
Home mortgage rate	4.96	4.95	4.97	5.05	4.99	5.03	4.93	5.00	5.2	5.4	5.6	5.7	5.9	6.1	
	History								Consensus Forecasts-Quarterly						
	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q*	2Q	3Q	4Q	1Q	2Q	3Q	
	2008	2008	2008	2009	2009	2009	2009	2010	2010	2010	2010	2011	2011	2011	
Key Assumptions															
Major Currency Index	70.9	73.5	81.3	82.7	79.4	75.4	73.6	75.4	75.6	75.8	76.4	76.4	76.6	77.0	
Real GDP	1.5	-2.7	-5.4	-6.4	-0.7	2.2	5.6	2.9	3.0	2.9	3.0	3.0	3.1	3.2	
GDP Price Index	1.8	4.0	0.1	1.9	0.0	0.4	0.5	1.4	1.2	1.4	1.4	1.7	1.7	1.7	
Consumer Price Index	5.2	6.4	-9.2	-2.2	1.9	3.7	2.6	1.7	1.5	1.9	1.8	2.0	2.0	2.2	

Forecasts for interest rates and the Federal Reserve's Major Currency Index represent averages for the quarter. Forecasts for Real GDP, GDP Price Index and Consumer Price Index are seasonally-adjusted annual rates of change (saar). Individual panel members' forecasts are on pages 4 through 9. Historical data for interest rates except LIBOR is from Federal Reserve Release (FRSR) H.15. LIBOR quotes available from *The Wall Street Journal*. Interest rate definitions are the same as those in FRSR H.15. Treasury yields are reported on a constant maturity basis. Historical data for the Fed's Major Currency Index is from FRSR H.10 and G.5. Historical data for Real GDP and GDP Chained Price Index are from the Bureau of Economic Analysis (BEA). Consumer Price Index (CPI) history is from the Department of Labor's Bureau of Labor Statistics (BLS). ¹Interest rate data for 1Q 2010 based on historical data through the week ended March 19th. Data for 1Q 2010 Major Currency Index also is based on data through week ended March 19th. Figures for 1Q 2010 Real GDP, GDP Chained Price Index and Consumer Price Index are consensus forecasts based on a special question asked of the panelists this month (see page 14).

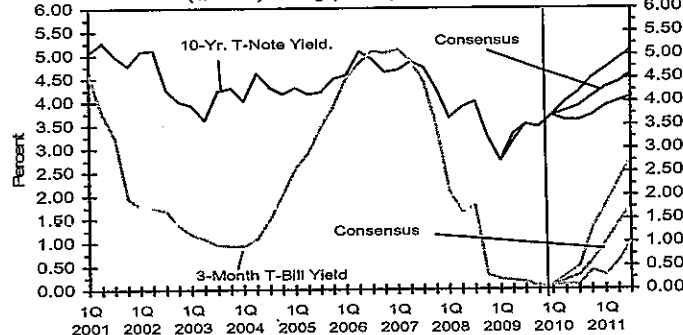
U.S. Treasury Yield Curve

Week ended March 19, 2010 and Year Ago vs.
2Q 2010 and 3Q 2011 Consensus Forecasts



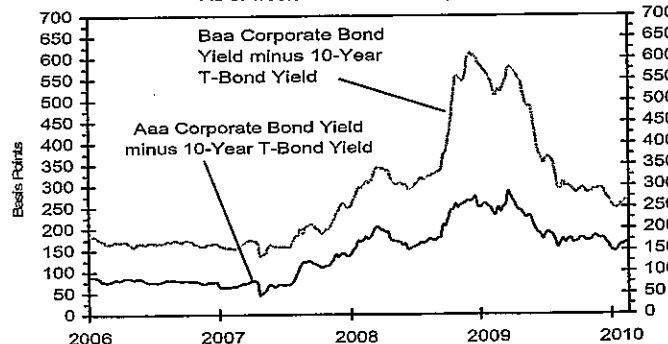
U.S. 3-Mo. T-Bills & 10-Yr. T-Note Yield

(Quarterly Average) History Forecast



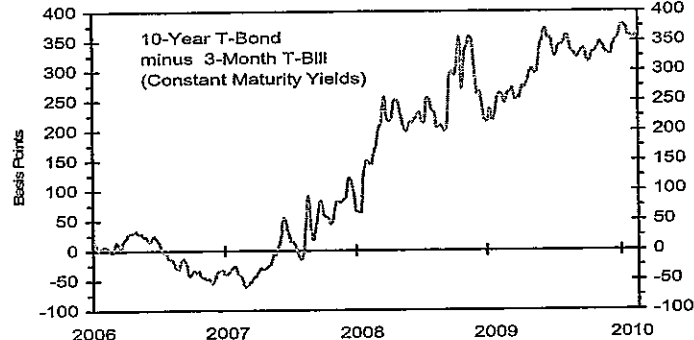
Corporate Bond Spreads

As of week ended March 19, 2010

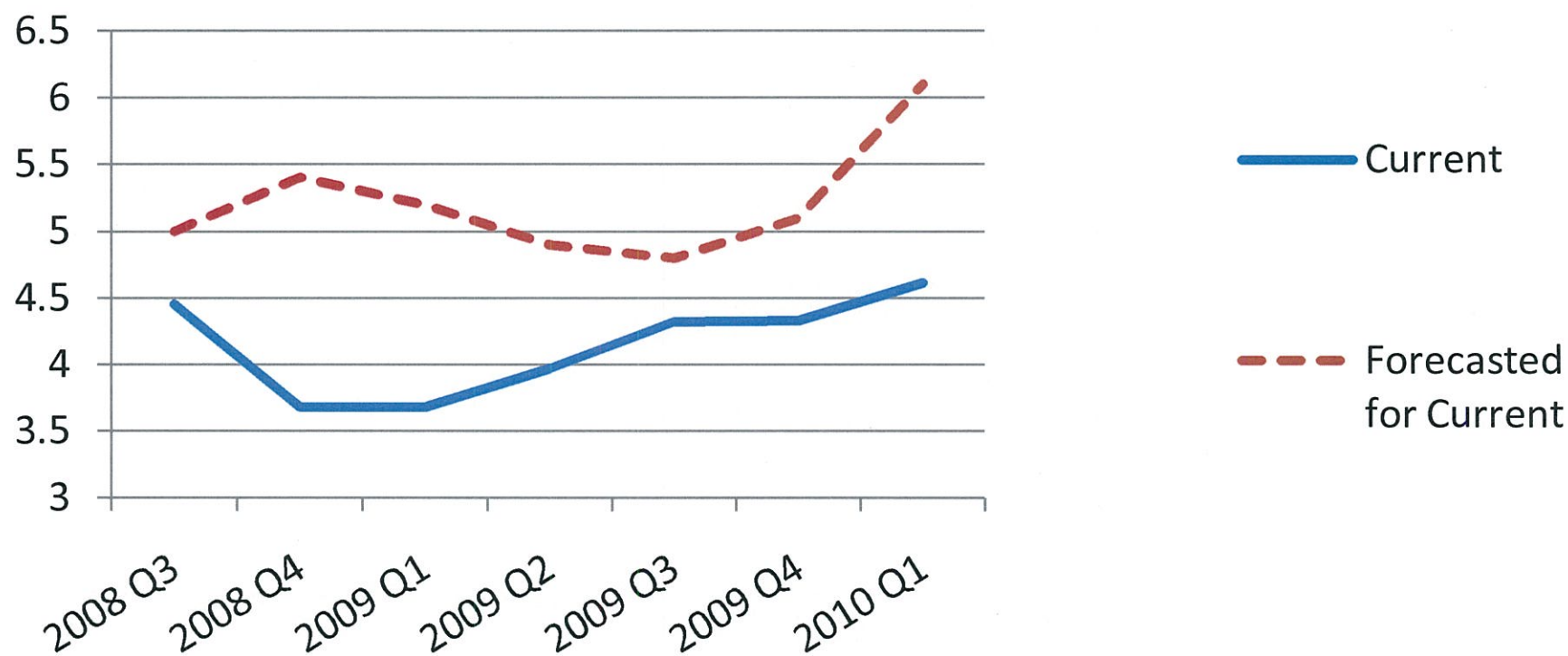


U.S. Treasury Yield Curve

As of week ended March 19, 2010



30-Yr. Treasury Bonds, Current vs. Blue Chip Forecast Six Quarters Back



Earnings Per Share ("EPS")

	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
American States Water	\$1.08	\$1.19	\$1.28	\$1.35	\$1.34	\$0.78	\$1.05	\$1.32	\$1.33	\$1.62	\$1.55	\$1.62
American Water Works											\$1.10	\$1.25
Aqua America	\$0.40	\$0.42	\$0.47	\$0.51	\$0.54	\$0.57	\$0.64	\$0.71	\$0.70	\$0.71	\$0.73	\$0.77
Artesian Resources*	\$0.64	\$0.65	\$0.52	\$0.70	\$0.76	\$0.64	\$0.72	\$0.81	\$0.97	\$0.90	\$0.86	\$0.97
California Water	\$1.45	\$1.53	\$1.31	\$0.94	\$1.25	\$1.21	\$1.46	\$1.47	\$1.34	\$1.50	\$1.90	\$1.95
Connecticut Water Service	\$1.02	\$1.03	\$1.09	\$1.13	\$1.12	\$1.15	\$1.16	\$0.88	\$0.81	\$1.05	\$1.11	\$1.19
Middlesex Water	\$0.71	\$0.76	\$0.51	\$0.66	\$0.73	\$0.61	\$0.73	\$0.71	\$0.82	\$0.87	\$0.89	\$0.72
Pennichuck			\$1.17	\$1.14	\$1.13	\$0.62	\$0.60	\$0.13	\$0.14	\$0.84	\$1.11	\$0.55
SJW Corp.	\$0.76	\$0.87	\$0.58	\$0.77	\$0.78	\$0.91	\$0.87	\$1.12	\$1.19	\$1.04	\$1.08	\$0.81
York Water Co.				\$0.43	\$0.40	\$0.47	\$0.49	\$0.56	\$0.58	\$0.57	\$0.57	\$0.64

Year over Year Change Ratios for EPS

	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
American States Water	1.10	1.08	1.05	0.99	0.58	1.35	1.26	1.01	1.22	0.96	1.05
American Water Works											1.14
Aqua America	1.05	1.12	1.09	1.06	1.06	1.12	1.11	0.99	1.01	1.03	1.05
Artesian Resources					0.84	1.13	1.13	1.20	0.93	0.96	1.13
California Water	1.06	0.86	0.72	1.33	0.97	1.21	1.01	0.91	1.12	1.27	1.03
Connecticut Water Service	1.01	1.06	1.04	0.99	1.03	1.01	0.76	0.92	1.30	1.06	1.07
Middlesex Water	1.07	0.67	1.29	1.11	0.84	1.20	0.97	1.15	1.06	1.02	0.81
Pennichuck			0.97	0.99	0.55	0.97	0.22	1.08	6.00	1.32	0.50
SJW Corp.	1.14	0.67	1.33	1.01	1.17	0.96	1.29	1.06	0.87	1.04	0.75
York Water Co.				0.92	1.18	1.04	1.14	1.04	0.98	1.00	1.12

EPS Historical Summary

American States Water
American Water Works
Aqua America
Artesian Resources
California Water
Connecticut Water Service
Middlesex Water
Pennichuck
SJW Corp.
York Water Co.

Geometric Means, a.k.a. Compound

Annual Growth Rates

10-yr '99-'09	5-yr '04-'09	3-yr '06-'09
3.13%	9.06%	6.80%
6.25%	3.77%	3.23%
	6.14%	0.00%
2.46%	5.96%	13.32%
1.45%	0.51%	13.68%
-0.54%	-0.28%	-4.24%
	-1.73%	57.79%
-0.71%	-1.42%	-12.03%
	5.49%	3.34%

mean
median

2.01%	3.06%	9.10%
1.95%	3.77%	3.34%

average of all means & medians:

3.87%

Arithmetic Means, a.k.a., Simple Averages

10-yr '99-'09	5-yr '04-'09	3-yr '06-'09
5.36%	9.69%	7.33%
6.34%	3.85%	3.24%
	6.68%	0.38%
4.09%	6.62%	13.75%
2.26%	2.09%	14.18%
1.24%	0.41%	-3.57%
	82.21%	160.56%
1.42%	0.25%	-11.25%
	5.68%	3.52%

American States Water
American Water Works
Aqua America
Artesian Resources
California Water
Connecticut Water Service
Middlesex Water
Pennichuck
SJW Corp.
York Water Co.

mean
median

3.45%	13.05%	20.90%
3.18%	5.68%	3.52%

average of all means & medians:

8.30%

Average of the historical averages

6.08%

Analysts' EPS Estimates*

	Value Line (1/22/10)	Yahoo! Finance (4/7/10)	Morningstar (4/7/10)	Reuters (4/7/10)	Zacks (4/8/10)
	2010-2011†	2013-2015			
American States Water		8.62%	4.00%	4.00%	4.00%
American Water Works		7.07%	9.93%	9.40%	10.29%
Aqua America		14.21%	8.33%	9.00%	8.60%
Artesian Resources	10.31%	none	6.00%	6.00%	6.00%
California Water		5.92%	6.00%	7.30%	6.00%
Conn. Water Service	1.25%	none	15.00%	9.97%	-2.69%
Middlesex Water	none	none	8.00%	8.00%	12.77%
Pennichuck	17.16%	none	9.00%	19.85%	3.85%
SJW Corp.	15.74%	none	10.00%	3.91%	7.09%
York Water Co.		6.00%	6.00%	6.00%	6.00%

*estimates are for the longest period estimated by analysts or are derived from available numeric estimates for such periods

†Artesian is for 2010 only

	Value Line	Yahoo!	Morningstar	Reuters	Zacks
mean	9.59%	8.23%	8.34%	6.19%	8.80%
median	8.62%	8.17%	7.65%	6.00%	6.67%
average of mean & median	9.10%	8.20%	8.00%	6.10%	7.73%
average of short- and long-term	9.10%	8.20%	8.00%	6.10%	7.73%
Average of the averages of estimates					7.85%

[1] For Reuters' 2010 growth rate, 4th Quarter 2008 through 3rd Quarter 2009 compared to 2010 estimate.

Reuters data was downloaded 2/17/10

Average of historical and estimated averages

6.97%

Dividends Per Share ("DPS")

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
American States Water	\$0.85	\$0.86	\$0.87	\$0.87	\$0.88	\$0.89	\$0.90	\$0.91	\$0.96	\$1.00	\$1.01
American Water Works										\$0.40	\$0.82
Aqua America	\$0.27	\$0.28	\$0.30	\$0.32	\$0.35	\$0.37	\$0.40	\$0.44	\$0.48	\$0.51	\$0.55
Artesian Resources			\$0.49	\$0.52	\$1.06	\$1.11	\$1.16	\$0.61	\$1.33	\$1.41	\$0.72
California Water	\$1.09	\$1.10	\$1.12	\$1.12	\$1.12	\$1.13	\$1.14	\$1.15	\$1.16	\$1.17	\$1.18
Conn. Water Service	\$0.79	\$0.79	\$0.80	\$0.81	\$0.83	\$0.84	\$0.85	\$0.86	\$0.87	\$0.88	\$0.90
Middlesex Water	\$0.60	\$0.61	\$0.62	\$0.63	\$0.65	\$0.66	\$0.67	\$0.68	\$0.69	\$0.70	\$0.71
Pennichuck			\$0.57	\$0.59	\$0.63	\$0.65	\$0.66	\$0.66	\$0.66	\$0.66	\$0.70
SJW Corp.	\$0.40	\$0.41	\$0.43	\$0.46	\$0.49	\$0.51	\$0.53	\$0.57	\$0.61	\$0.65	\$0.66
York Water Co.			\$0.34	\$0.35	\$0.37	\$0.39	\$0.42	\$0.45	\$0.47	\$0.48	\$0.50

Year over Year Change Ratios for DPS

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
American States Water	1.01	1.01	1.01	1.00	1.01	1.01	1.01	1.01	1.05	1.04	1.01
American Water Works											2.05
Aqua America	1.04	1.04	1.07	1.07	1.09	1.06	1.08	1.10	1.09	1.06	1.08
Artesian Resources					2.06	1.04	1.05	0.53	2.18	1.06	0.51
California Water	1.02	1.01	1.02	1.00	1.00	1.01	1.01	1.01	1.01	1.01	1.01
Conn. Water Service	1.01	1.00	1.01	1.01	1.02	1.01	1.01	1.01	1.01	1.01	1.02
Middlesex Water	1.03	1.02	1.02	1.02	1.03	1.02	1.02	1.01	1.01	1.01	1.01
Pennichuck				1.04	1.07	1.03	1.02	1.00	1.00	1.00	1.06
SJW Corp.	1.03	1.03	1.05	1.07	1.07	1.04	1.04	1.08	1.07	1.07	1.02
York Water Co.				1.03	1.06	1.05	1.08	1.07	1.04	1.02	1.04

DPS Historical Summary

Geometric Means or Compound Annual

Growth Rates

	<u>10-yr</u> <u>'99-'09</u>	<u>5-yr</u> <u>'04-'09</u>	<u>3-yr</u> <u>'06-'09</u>	
American States Water	1.74%	2.56%	3.54%	
American Water Works				
Aqua America	7.37%	8.25%	7.72%	
Artesian Resources		-8.22%	5.73%	
California Water	0.80%	0.87%	0.86%	
Connecticut Water Service	1.31%	1.39%	1.53%	
Middlesex Water	1.70%	1.47%	1.45%	
Pennichuck		1.49%	1.98%	
SJW Corp.	5.14%	5.29%	5.01%	
York Water Co.		5.09%	3.57%	
				average of all means & medians:
	2.58%	2.02%	3.49%	2.47%
	1.70%	1.49%	3.54%	

Arithmetic Means or Simple Averages

	<u>10-yr</u> <u>'99-'09</u>	<u>5-yr</u> <u>'04-'09</u>	<u>3-yr</u> <u>'06-'09</u>	
American States Water	1.75%	2.58%	3.55%	
American Water Works				
Aqua America	7.39%	8.26%	7.73%	
Artesian Resources		6.51%	25.06%	
California Water	0.80%	0.87%	0.86%	
Connecticut Water Service	1.31%	1.39%	1.53%	
Middlesex Water	1.70%	1.47%	1.45%	
Pennichuck		1.52%	2.02%	
SJW Corp.	5.15%	5.32%	5.04%	
York Water Co.		5.11%	3.58%	
				"arithmean" = arithmetic mean
				average of all means & medians:
mean	2.59%	3.67%	5.65%	3.29%
median	1.70%	2.58%	3.55%	

Average of the historical averages

2.88%

Analysts' DPS Estimates

	Value Line 2013-2015
American States Water	3.52%
American Water Works	4.51%
Aqua America	5.51%
Artesian Resources	none
California Water	1.29%
Connecticut Water Service	none
Middlesex Water	none
Pennichuck	none
SJW Corp.	none
York Water Co.	none

mean	3.71%
median	4.01%

3.86% average of mean & median

average of historical & estimates averages

3.37%

Sales/Revenues

<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
\$173.40	\$184.00	\$197.50	\$209.20	\$212.70	\$228.00	\$236.20	\$268.60	\$301.40	\$318.70	\$361.00
									\$2,336.90	\$2,440.70
\$257.30	\$275.50	\$307.30	\$322.00	\$367.20	\$442.00	\$496.80	\$533.50	\$602.50	\$627.00	\$670.50
\$26.80	\$27.60	\$32.00	\$34.60	\$36.30	\$39.60	\$41.60	\$48.60	\$52.50	\$56.20	\$61.00
\$206.40	\$244.80	\$246.80	\$263.20	\$277.10	\$315.60	\$320.70	\$334.70	\$367.10	\$410.30	\$449.50
\$42.60	\$41.50	\$45.40	\$45.80	\$47.10	\$48.50	\$47.50	\$46.90	\$59.00	\$61.30	\$59.30
\$53.50	\$54.50	\$59.60	\$61.90	\$64.10	\$71.00	\$74.60	\$81.10	\$86.10	\$91.00	\$91.20
\$17.80	\$23.70	\$22.80	\$23.40	\$21.40	\$23.00	\$23.80	\$24.50	\$29.50	\$31.00	\$32.80
\$117.00	\$123.20	\$136.10	\$145.70	\$149.70	\$166.90	\$180.10	\$189.20	\$206.60	\$220.30	\$216.10
	\$18.50	\$19.40	\$19.60	\$20.90	\$22.50	\$26.80	\$28.70	\$31.40	\$32.80	\$37.10

Year over Year Change Ratios for Sales/Revenues

	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
	1.06	1.07	1.06	1.02	1.07	1.04	1.14	1.12	1.06	1.13
										1.04
	1.07	1.12	1.05	1.14	1.20	1.12	1.07	1.13	1.04	1.07
	1.03	1.16	1.08	1.05	1.09	1.05	1.17	1.08	1.07	1.09
	1.19	1.01	1.07	1.05	1.14	1.02	1.04	1.10	1.12	1.10
	0.97	1.09	1.01	1.03	1.03	0.98	0.99	1.26	1.04	0.97
	1.02	1.09	1.04	1.04	1.11	1.05	1.09	1.06	1.06	1.00
	1.33	0.96	1.03	0.91	1.07	1.03	1.03	1.20	1.05	1.06
	1.05	1.10	1.07	1.03	1.11	1.08	1.05	1.09	1.07	0.98
		1.05	1.01	1.07	1.08	1.19	1.07	1.09	1.04	1.13

Sales/Revenue Historical Summary

Geometric Means or Compound Annual Growth Rates

	<u>10-yr</u> <u>'99-'09</u>	<u>5-yr</u> <u>'04-'09</u>	<u>3-yr</u> <u>'06-'09</u>
American States Water	7.61%	9.63%	10.36%
American Water Works			
Aqua America	10.05%	8.69%	7.92%
Artesian Resources	8.57%	9.03%	7.87%
California Water	8.09%	7.33%	10.33%
Connecticut Water Service	3.36%	4.10%	8.13%
Middlesex Water	5.48%	5.13%	3.99%
Pennichuck	6.30%	7.36%	10.21%
SJW Corp.	6.33%	5.30%	4.53%
York Water Co.		10.52%	8.93%

average of all means & medians:

6.97%	7.45%	8.03%
6.97%	7.36%	8.13%

7.49%

Arithmetic Means or Simple Averages

	<u>10-yr</u> <u>'99-'09</u>	<u>5-yr</u> <u>'04-'09</u>	<u>3-yr</u> <u>'06-'09</u>
American States Water	7.68%	9.71%	10.41%
American Water Works			
Aqua America	10.15%	8.74%	7.98%
Artesian Resources	8.65%	9.10%	7.87%
California Water	8.22%	7.40%	10.33%
Connecticut Water Service	3.66%	4.62%	8.81%
Middlesex Water	5.53%	5.17%	4.03%
Pennichuck	6.86%	7.54%	10.43%
SJW Corp.	6.39%	5.38%	4.64%
York Water Co.		10.64%	8.99%

average of all means & medians:

7.14%	7.59%	8.17%
7.27%	7.54%	8.81%

7.75%

Average of the historical averages

7.62%

Analysts' Sales/Revenue Estimates

	<u>Value Line</u> <u>2013-2015</u>	<u>Zacks</u>	<u>Reuters*</u> <u>2011</u>	<u>Yahoo! Finance</u> <u>2010-2011</u>
American States Water	6.29%	10.39%	5.45%	5.45%
American Water Works	5.77%	no est.	6.48%	7.00%
Aqua America	8.58%	8.46%	8.32%	8.30%
Artesian Resources	no est.	8.26%	5.07%	5.05%
California Water	6.03%	8.59%	8.19%	6.90%
Connecticut Water Service	no est.	no est.	-2.69%	7.95%
Middlesex Water	no est.	no est.	7.38%	7.45%
Pennichuck	no est.	no est.	no history	5.95%
SJW Corp.	no est.	6.24%	4.40%	5.40%
York Water Co.	no est.	8.82%	6.67%	7.05%

mean **6.67%** **8.46%** **5.47%** **6.65%**

median **6.16%** **8.53%** **6.48%** **6.95%**

average of the mean and median **6.41%** **8.49%** **5.98%** **6.80%**

average of all estimates **6.92%**

*American Water Works, American States Wtr., SJW, & Calif. Wtr. Svc. are for 2011 versus estimate for 2010

Average of the historical and estimates averages

7.27%

Book Value Per Share ("BVPS")

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
American States Water	\$11.82	\$12.74	\$13.22	\$14.05	\$13.97	\$15.01	\$15.72	\$16.64	\$17.53	\$17.95	\$19.39
American Water Works										\$25.64	\$22.91
Aqua America	\$3.42	\$3.85	\$4.15	\$4.36	\$5.34	\$5.89	\$6.30	\$6.06	\$7.32	\$7.82	\$8.12
Artesian Resources				\$9.65	\$9.05	\$9.31	\$9.66	\$10.21	\$12.54	\$11.94	n/a
California Water	\$13.43	\$12.90	\$12.95	\$13.12	\$14.44	\$15.66	\$15.79	\$18.15	\$18.50	\$19.44	\$20.26
Connecticut Water Service	\$8.61	\$8.92	\$9.25	\$10.06	\$10.46	\$10.94	\$11.52	\$11.60	\$11.95	\$12.23	\$12.67
Middlesex Water	\$6.95	\$6.98	\$7.11	\$7.39	\$7.60	\$8.38	\$8.60	\$9.82	\$10.05	\$10.28	\$10.33
Pennichuck		\$9.13	\$9.61	\$9.55	\$9.44	\$9.37	\$10.89	\$10.57	\$10.78	\$11.24	\$11.87
SJW Corp.	\$7.88	\$7.90	\$8.17	\$8.40	\$9.11	\$10.11	\$10.72	\$12.48	\$12.90	\$13.99	\$13.66
York Water Co.			\$3.79	\$3.90	\$4.06	\$4.65	\$4.85	\$5.84	\$5.97	\$6.14	\$6.92

Year over Year Change Ratios for BVPS

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
American States Water	1.08	1.04	1.06	0.99	1.07	1.05	1.06	1.05	1.02	1.08
American Water Works										0.89
Aqua America	1.13	1.08	1.05	1.22	1.10	1.07	0.96	1.21	1.07	1.04
Artesian Resources				0.94	1.03	1.04	1.06	1.23	0.95	
California Water	0.96	1.00	1.01	1.10	1.08	1.01	1.15	1.02	1.05	1.04
Connecticut Water Service	1.04	1.04	1.09	1.04	1.05	1.05	1.01	1.03	1.02	1.04
Middlesex Water	1.00	1.02	1.04	1.03	1.10	1.03	1.14	1.02	1.02	1.00
Pennichuck		1.05	0.99	0.99	0.99	1.16	0.97	1.02	1.04	1.06
SJW Corp.	1.00	1.03	1.03	1.08	1.11	1.06	1.16	1.03	1.08	0.98
York Water Co.			1.03	1.04	1.15	1.04	1.20	1.02	1.03	1.13

BVPS Historical Summary

American States Water
 American Water Works
 Aqua America
 Artesian Resources*
 California Water
 Conn. Water Service
 Middlesex Water
 Pennichuck
 SJW Corp.
 York Water Co.

Geometric Means, a.k.a. Compound

Annual Growth Rates

<u>10-yr</u> <u>'99-'09</u>	<u>5-yr</u> <u>'04-'09</u>	<u>3-yr</u> <u>'06-'09</u>
5.07%	5.25%	5.23%
9.03%	6.63%	10.25%
	5.69%	7.31%
4.20%	5.29%	3.73%
3.94%	2.98%	2.98%
4.04%	4.27%	1.70%
	4.84%	3.94%
5.66%	6.20%	3.06%
	8.28%	5.82%

mean
 median

5.32%	5.49%	4.89%
4.64%	5.29%	3.94%

average of all means & medians:

4.93%

Arithmetic Means, a.k.a., Simple

Averages

<u>10-yr</u> <u>'99-'09</u>	<u>5-yr</u> <u>'04-'09</u>	<u>3-yr</u> <u>'06-'09</u>
5.11%	5.27%	5.26%
9.28%	6.92%	10.49%
	6.88%	9.04%
4.33%	5.40%	3.74%
3.96%	2.99%	2.99%
4.13%	4.39%	1.71%
	5.03%	3.95%
5.78%	6.38%	3.15%
	8.50%	5.93%

mean
 median

5.43%	5.75%	5.14%
4.72%	5.40%	3.95%

average of all means & medians:

5.06%

Average of the historical averages

5.00%

Analysts' BVPS Estimates

	Value Line 2013-2015
American States Water	3.17%
American Water Works	1.41%
Aqua America	5.08%
Artesian Resources	none
California Water	3.11%
Connecticut Water Service	none
Middlesex Water	none
Pennichuck	none
SJW Corp.	none
York Water Co.	none
mean	3.19%
median	3.14%
Average of mean and median	3.17%

Average of the historical and estimates averages

5.00%

Dividend Yield Calculation

EXHIBIT DHC-11

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Aqua America

Average Yield 3.383%
Spot Yield 3.286%

Date	Open	High	Low	Close	Adj Close	Yield	Dividend
1/4/2010	17.47	17.6	17	17.48	17.33	3.353%	0.145
1/5/2010	17.57	17.8	17.32	17.53	17.38	3.303%	
1/6/2010	17.56	17.61	17.46	17.56	17.41	3.308%	
1/7/2010	17.56	17.61	17.41	17.59	17.44	3.312%	
1/8/2010	17.55	17.68	17.51	17.67	17.52	3.296%	
1/11/2010	17.76	17.76	17.55	17.59	17.44	3.285%	
1/12/2010	17.51	17.69	17.44	17.57	17.42	3.302%	
1/13/2010	17.57	17.74	17.56	17.74	17.59	3.286%	
1/14/2010	17.73	17.81	17.63	17.78	17.63	3.273%	
1/15/2010	17.73	17.88	17.43	17.59	17.44	3.285%	
1/19/2010	17.64	17.82	17.51	17.58	17.43	3.283%	
1/20/2010	17.53	17.53	17.15	17.37	17.22	3.345%	
1/21/2010	17.39	17.59	17.27	17.36	17.21	3.328%	
1/22/2010	17.4	17.4	17.05	17.14	16.99	3.367%	
1/25/2010	17.26	17.26	17.03	17.13	16.98	3.383%	
1/26/2010	17.09	17.11	16.91	16.92	16.77	3.410%	
1/27/2010	16.8	16.95	16.75	16.84	16.69	3.442%	
1/28/2010	16.89	16.97	16.6	16.64	16.5	3.455%	
1/29/2010	16.79	16.91	16.59	16.59	16.45	3.463%	
2/1/2010	16.65	16.82	16.55	16.78	16.64	3.476%	
2/2/2010	16.83	17.21	16.74	17.2	17.05	3.417%	
2/3/2010	17.2	17.3	17.05	17.17	17.02	3.377%	
2/4/2010	17.14	17.22	16.85	16.88	16.73	3.405%	
2/5/2010	16.86	16.94	16.74	16.92	16.77	3.444%	
2/8/2010	16.98	17.09	16.73	16.73	16.59	3.430%	
2/9/2010	16.82	16.88	16.68	16.75	16.61	3.456%	
2/10/2010	16.6	16.8	16.58	16.8	16.65	3.475%	
2/11/2010	16.65	16.75	16.5	16.69	16.69	3.489%	0.145
2/12/2010	16.57	16.71	16.45	16.59	16.59	3.498%	
2/16/2010	16.76	16.87	16.67	16.85	16.85	3.459%	
2/17/2010	16.89	17.07	16.88	17.05	17.05	3.417%	
2/18/2010	17.04	17.35	17.04	17.34	17.34	3.373%	
2/19/2010	17.31	17.55	17.28	17.38	17.38	3.330%	
2/22/2010	17.45	17.57	17.26	17.3	17.3	3.330%	
2/23/2010	17.24	17.38	17.19	17.27	17.27	3.356%	
2/24/2010	17.24	17.35	17.13	17.27	17.27	3.364%	
2/25/2010	17.21	17.49	17.02	17.49	17.49	3.361%	
2/26/2010	17.51	17.51	17.03	17.12	17.12	3.358%	
3/1/2010	17.11	17.15	16.65	16.66	16.66	3.432%	
3/2/2010	16.72	16.84	16.57	16.62	16.62	3.472%	
3/3/2010	16.69	16.9	16.69	16.83	16.83	3.453%	
3/4/2010	16.7	16.9	16.68	16.71	16.71	3.454%	
3/5/2010	16.71	16.79	16.64	16.75	16.75	3.470%	
3/8/2010	16.68	16.8	16.65	16.76	16.76	3.468%	
3/9/2010	16.76	16.84	16.68	16.73	16.73	3.461%	
3/10/2010	16.71	16.77	16.66	16.75	16.75	3.470%	
3/11/2010	16.71	16.86	16.69	16.84	16.84	3.458%	
3/12/2010	16.79	16.92	16.73	16.88	16.88	3.447%	
3/15/2010	16.91	17	16.85	16.92	16.92	3.427%	

Dividend Yield Calculation

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Aqua America

Average Yield	3.383%
Spot Yield	3.286%

Date	Open	High	Low	Close	Adj Close	Yield	<u>Dividend</u>
3/16/2010	16.92	17.06	16.86	17.06	17.06	3.420%	
3/17/2010	17.03	17.44	17.02	17.34	17.34	3.366%	
3/18/2010	17.41	17.64	17.35	17.58	17.58	3.315%	
3/19/2010	17.59	17.6	17.48	17.53	17.53	3.307%	
3/22/2010	17.49	17.53	17.36	17.48	17.48	3.325%	
3/23/2010	17.44	17.54	17.32	17.46	17.46	3.328%	
3/24/2010	17.38	17.48	17.33	17.34	17.34	3.332%	
3/25/2010	17.36	17.46	17.21	17.21	17.21	3.346%	
3/26/2010	17.2	17.27	17.02	17.2	17.2	3.383%	
3/29/2010	17.29	17.43	17.17	17.42	17.42	3.353%	
3/30/2010	17.4	17.65	17.38	17.63	17.63	3.311%	
3/31/2010	17.57	17.73	17.43	17.57	17.57	3.299%	

Dividend Yield Calculation

EXHIBIT DHC-11

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American Water Works

Average Yield 3.837%
Spot Yield 3.840%

Date	Open	High	Low	Close	Adj Close	Yield	Dividend
1/4/2010	22.41	22.86	22.41	22.65	22.44	3.71%	0.21
1/5/2010	22.67	22.91	22.59	22.88	22.66	3.69%	
1/6/2010	22.89	23.15	22.83	23	22.78	3.65%	
1/7/2010	23.12	23.15	22.9	23.05	22.83	3.65%	
1/8/2010	23.1	23.18	22.82	23	22.78	3.65%	
1/11/2010	23	23.77	22.94	23.23	23.01	3.60%	
1/12/2010	23.25	23.25	23	23.12	22.9	3.63%	
1/13/2010	23.08	23.32	23	23.22	23	3.63%	
1/14/2010	23.12	23.15	22.88	22.98	22.76	3.65%	
1/15/2010	23.06	23.06	22.43	22.6	22.39	3.69%	
1/19/2010	22.69	22.81	22.5	22.5	22.29	3.71%	
1/20/2010	22.59	22.6	22.21	22.45	22.24	3.75%	
1/21/2010	22.47	22.62	22.09	22.11	21.9	3.76%	
1/22/2010	22.17	22.18	21.64	22.06	21.85	3.83%	
1/25/2010	22.23	22.37	21.96	22.15	21.94	3.79%	
1/26/2010	21.85	22.18	21.39	22.02	21.81	3.86%	
1/27/2010	22	22.2	21.75	22.02	21.81	3.82%	
1/28/2010	22.02	22.1	21.6	21.66	21.45	3.84%	
1/29/2010	21.67	22.02	21.57	21.8	21.59	3.85%	
2/1/2010	21.89	22.18	21.83	22.14	21.93	3.82%	
2/2/2010	22.22	22.41	22.03	22.1	21.89	3.78%	
2/3/2010	22.1	22.36	21.77	22.36	22.15	3.81%	
2/4/2010	22.11	22.3	21.75	21.75	21.54	3.81%	
2/5/2010	21.84	21.92	21.34	21.68	21.47	3.88%	
2/8/2010	21.67	21.88	21.53	21.61	21.41	3.87%	
2/9/2010	21.7	21.9	21.37	21.4	21.2	3.88%	
2/10/2010	21.38	21.61	21.2	21.57	21.37	3.92%	
2/11/2010	21.6	21.93	21.4	21.82	21.61	3.88%	
2/12/2010	21.74	22.16	21.55	22.16	21.95	3.84%	
2/16/2010	22.19	22.2	21.99	22.12	22.12	3.80%	0.21
2/17/2010	22.21	22.41	22.09	22.21	22.21	3.78%	
2/18/2010	22.26	22.53	22.16	22.51	22.51	3.76%	
2/19/2010	22.55	22.99	22.45	22.88	22.88	3.70%	
2/22/2010	22.98	23	22.65	22.69	22.69	3.68%	
2/23/2010	22.71	22.77	22.32	22.45	22.45	3.73%	
2/24/2010	22.48	22.56	22.12	22.26	22.26	3.76%	
2/25/2010	22.13	22.34	21.84	22.31	22.31	3.80%	
2/26/2010	22.28	22.36	22.09	22.26	22.26	3.78%	
3/1/2010	22.39	22.39	20.72	21.08	21.08	3.90%	
3/2/2010	21.08	21.08	20.39	20.75	20.75	4.05%	
3/3/2010	20.75	21.07	20.75	20.92	20.92	4.02%	
3/4/2010	20.91	21.34	20.91	21.25	21.25	3.98%	
3/5/2010	21.25	21.46	21.12	21.41	21.41	3.95%	
3/8/2010	21.47	21.47	21.17	21.35	21.35	3.94%	
3/9/2010	21.37	21.37	21	21.22	21.22	3.97%	
3/10/2010	21.2	21.2	20.99	21.07	21.07	3.98%	
3/11/2010	20.99	21.09	20.95	21.02	21.02	4.00%	
3/12/2010	21.14	21.14	20.89	20.96	20.96	4.00%	
3/15/2010	21.03	21.31	20.98	21.1	21.1	3.97%	

Dividend Yield Calculation

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American Water Works

Average Yield 3.837%
Spot Yield 3.840%

Date	Open	High	Low	Close	Adj Close	<u>Yield</u>	<u>Dividend</u>
3/16/2010	21.19	21.25	20.92	21.07	21.07	3.98%	
3/17/2010	21.17	21.33	20.98	21.27	21.27	3.97%	
3/18/2010	21.21	21.5	21.18	21.4	21.4	3.94%	
3/19/2010	21.23	21.4	20.95	21.25	21.25	3.97%	
3/22/2010	21.14	21.19	20.89	21.11	21.11	3.99%	
3/23/2010	21.19	21.67	20.96	21.61	21.61	3.94%	
3/24/2010	21.59	21.78	21.5	21.7	21.7	3.88%	
3/25/2010	21.74	21.81	21.36	21.51	21.51	3.89%	
3/26/2010	21.6	21.61	21.12	21.25	21.25	3.93%	
3/29/2010	21.28	21.45	21.14	21.43	21.43	3.94%	
3/30/2010	21.49	21.57	21.08	21.37	21.37	3.94%	
3/31/2010	21.4	21.8	21.27	21.76	21.76	3.90%	

Dividend Yield Calculation

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American States

Average Yield 3.09%
Spot Yield 2.96%

Date	Open	High	Low	Close	Adj Close	Yield	Dividend
1/4/2010	35.63	36.24	35.63	36.22	35.93	2.89%	0.26
1/5/2010	36.22	36.42	35.09	35.4	35.11	2.91%	
1/6/2010	35.47	35.86	35	35.19	34.91	2.94%	
1/7/2010	35.27	35.35	34.52	34.98	34.7	2.98%	
1/8/2010	34.79	34.97	34.29	34.83	34.55	3.00%	
1/11/2010	35	35	34.53	34.7	34.42	2.99%	
1/12/2010	34.5	34.99	34.5	34.75	34.47	2.99%	
1/13/2010	34.75	34.98	34.42	34.79	34.51	3.00%	
1/14/2010	34.7	35.21	34.11	35.03	34.75	3.00%	
1/15/2010	35.17	35.17	33.85	34.49	34.21	3.01%	
1/19/2010	34.65	34.89	34.06	34.52	34.24	3.02%	
1/20/2010	34.21	34.24	33.01	34.15	33.87	3.09%	
1/21/2010	34.22	34.45	33.5	33.68	33.41	3.06%	
1/22/2010	33.56	33.9	33.4	33.52	33.25	3.09%	
1/25/2010	33.64	33.83	33.24	33.63	33.36	3.10%	
1/26/2010	33.43	33.61	33.11	33.23	32.96	3.12%	
1/27/2010	33.05	33.63	33.02	33.55	33.28	3.12%	
1/28/2010	33.51	33.69	33.1	33.29	33.02	3.11%	
1/29/2010	33.43	33.59	33.18	33.22	32.95	3.12%	
2/1/2010	33.16	33.49	32.99	33.36	33.09	3.13%	
2/2/2010	33.3	33.56	33.02	33.37	33.1	3.12%	
2/3/2010	33.37	33.67	32.9	33.13	32.86	3.12%	
2/4/2010	32.99	33.08	32.42	32.55	32.29	3.18%	
2/5/2010	32.51	32.97	32.28	32.74	32.48	3.19%	
2/8/2010	32.62	32.65	32.08	32.08	31.82	3.21%	
2/9/2010	32.28	32.4	31.97	32.15	31.89	3.23%	
2/10/2010	31.95	32.09	31.2	31.76	31.76	3.29%	0.26
2/11/2010	31.55	31.96	31.3	31.89	31.89	3.29%	
2/12/2010	31.56	32.05	31.51	32.05	32.05	3.27%	
2/16/2010	32.32	32.51	32.08	32.49	32.49	3.22%	
2/17/2010	32.48	32.66	32.23	32.59	32.59	3.21%	
2/18/2010	32.44	32.94	32.44	32.93	32.93	3.18%	
2/19/2010	32.93	33.67	32.89	33.32	33.32	3.13%	
2/22/2010	33.3	33.49	33.2	33.32	33.32	3.12%	
2/23/2010	33.37	33.46	33.19	33.41	33.41	3.12%	
2/24/2010	33.39	33.54	33.2	33.5	33.5	3.12%	
2/25/2010	33.14	33.34	32.84	33.33	33.33	3.14%	
2/26/2010	33.26	33.29	32.14	32.16	32.16	3.18%	
3/1/2010	32.39	32.52	32.16	32.44	32.44	3.22%	
3/2/2010	32.46	32.75	32.33	32.7	32.7	3.20%	
3/3/2010	32.91	34.53	32.91	33.52	33.52	3.08%	
3/4/2010	33.52	34.42	33.52	34.09	34.09	3.06%	
3/5/2010	34.33	34.72	33.64	34.62	34.62	3.04%	
3/8/2010	34.52	34.72	34.21	34.33	34.33	3.02%	
3/9/2010	34.33	34.37	33.75	33.91	33.91	3.05%	
3/10/2010	33.91	34.05	33.54	33.8	33.8	3.08%	
3/11/2010	33.16	34	33.16	33.74	33.74	3.10%	
3/12/2010	33.44	33.62	32.17	32.5	32.5	3.16%	
3/15/2010	32.37	32.61	32.14	32.54	32.54	3.21%	

Dividend Yield Calculation

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American States

Average Yield 3.09%

Spot Yield 2.96%

Date	Open	High	Low	Close	Adj Close	Yield	Dividend
3/16/2010	32.72	33.06	32.45	33.05	33.05	3.18%	
3/17/2010	33.16	34.18	33	34.14	34.14	3.10%	
3/18/2010	34.06	34.45	34.06	34.34	34.34	3.04%	
3/19/2010	34.36	34.49	33.75	34.17	34.17	3.05%	
3/22/2010	33.99	34.25	33.82	34.07	34.07	3.06%	
3/23/2010	33.92	34.53	33.8	34.53	34.53	3.04%	
3/24/2010	34.5	34.61	34.08	34.11	34.11	3.03%	
3/25/2010	34.21	34.78	34	34.07	34.07	3.02%	
3/26/2010	34.27	34.27	33.76	34.07	34.07	3.06%	
3/29/2010	34.36	34.56	34.03	34.49	34.49	3.03%	
3/30/2010	34.63	35.1	34.24	35.06	35.06	3.00%	
3/31/2010	34.87	35.31	34.39	34.7	34.7	2.98%	

Dividend Yield Calculation

EXHIBIT DHC-11

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Artesian Resources

Average Yield 4.173%
Spot Yield 4.189%

Date	Open	High	Low	Close	Adj Close	Yield	Dividend
1/4/2010	18.73	18.73	18.05	18.53	18.33	4.067%	0.187
1/5/2010	18.47	18.47	18.17	18.17	17.97	4.083%	
1/6/2010	18.16	18.26	17.58	17.68	17.49	4.174%	
1/7/2010	17.65	17.83	17.63	17.83	17.64	4.219%	
1/8/2010	17.85	18.85	17.62	18.62	18.42	4.102%	
1/11/2010	18.69	18.73	18.5	18.56	18.36	4.018%	
1/12/2010	18.56	18.61	18.06	18.21	18.01	4.080%	
1/13/2010	18.33	18.43	18.05	18.13	17.94	4.101%	
1/14/2010	18.01	18.56	17.73	18.01	17.82	4.122%	
1/15/2010	18.1	18.27	17.82	17.85	17.66	4.145%	
1/19/2010	17.92	18.26	17.78	18.19	17.99	4.151%	
1/20/2010	18.05	18.57	17.82	17.9	17.71	4.111%	
1/21/2010	17.94	18.32	17.68	17.68	17.49	4.156%	
1/22/2010	17.75	18.11	17.75	17.84	17.65	4.172%	
1/25/2010	18	18.07	17.58	17.65	17.46	4.196%	
1/26/2010	17.85	18	17.72	17.88	17.69	4.188%	
1/27/2010	17.75	17.94	17.59	17.84	17.65	4.211%	
1/28/2010	17.86	17.91	17.6	17.62	17.43	4.213%	
1/29/2010	17.72	17.86	17.65	17.65	17.46	4.213%	
2/1/2010	17.77	17.85	17.55	17.61	17.42	4.226%	
2/2/2010	17.51	17.79	17.42	17.42	17.23	4.249%	
2/3/2010	17.31	17.54	16.93	17.05	17.05	4.340%	0.187
2/4/2010	16.99	17.42	16.92	17.15	17.15	4.356%	
2/5/2010	17.2	17.53	17.2	17.51	17.51	4.308%	
2/8/2010	17.46	17.72	17.36	17.46	17.46	4.265%	
2/9/2010	17.6	17.66	17.4	17.49	17.49	4.267%	
2/10/2010	17.59	17.63	17.39	17.46	17.46	4.272%	
2/11/2010	17.39	17.7	17.39	17.57	17.57	4.263%	
2/12/2010	17.48	17.48	17.2	17.42	17.42	4.314%	
2/16/2010	17.5	17.89	17.41	17.89	17.89	4.238%	
2/17/2010	17.97	18.25	17.95	18.15	18.15	4.133%	
2/18/2010	18.17	18.17	17.95	18.14	18.14	4.142%	
2/19/2010	18.2	18.32	17.99	18.05	18.05	4.120%	
2/22/2010	18.01	18.17	17.96	18.16	18.16	4.141%	
2/23/2010	18.25	18.34	18	18	18	4.117%	
2/24/2010	18.14	18.15	17.69	17.9	17.9	4.174%	
2/25/2010	17.74	17.98	17.74	17.94	17.94	4.188%	
2/26/2010	18.15	18.15	17.74	17.74	17.74	4.168%	
3/1/2010	17.85	17.94	17.69	17.9	17.9	4.199%	
3/2/2010	17.85	18.05	17.79	18.01	18.01	4.174%	
3/3/2010	17.5	17.99	17.5	17.91	17.91	4.215%	
3/4/2010	17.91	17.99	17.8	17.99	17.99	4.180%	
3/5/2010	17.97	18.15	17.95	18.15	18.15	4.144%	
3/8/2010	18.24	18.24	17.95	18.15	18.15	4.134%	
3/9/2010	17.99	18.11	17.75	18.04	18.04	4.172%	
3/10/2010	18.21	18.27	17.96	18.1	18.1	4.129%	
3/11/2010	17.96	18.5	17.96	18.5	18.5	4.103%	
3/12/2010	18.5	18.5	18.03	18.08	18.08	4.095%	
3/15/2010	18.11	18.4	18.01	18.25	18.25	4.109%	

Dividend Yield Calculation

Artesian Resources

Average Yield	4.173%
Spot Yield	4.189%

Date	Open	High	Low	Close	Adj Close	Yield	Dividend
3/16/2010	18.25	18.27	18	18.18	18.18	4.125%	
3/17/2010	18.13	18.37	18.13	18.16	18.16	4.099%	
3/18/2010	18.06	18.15	17.84	17.84	17.84	4.157%	
3/19/2010	18	18.08	17.77	17.98	17.98	4.173%	
3/22/2010	17.91	18.15	17.87	17.94	17.94	4.153%	
3/23/2010	17.9	17.9	17.66	17.8	17.8	4.207%	
3/24/2010	17.84	17.9	17.65	17.89	17.89	4.208%	
3/25/2010	17.74	17.88	17.6	17.8	17.8	4.216%	
3/26/2010	17.85	18.02	17.64	18.02	18.02	4.195%	
3/29/2010	18.03	18.24	18	18.14	18.14	4.128%	
3/30/2010	18.08	18.25	18	18.24	18.24	4.127%	
3/31/2010	18.21	18.49	17.64	17.66	17.66	4.141%	

Dividend Yield Calculation

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California Water

Average Yield 3.24%
Spot Yield 3.13%

Date	Open	High	Low	Close	Adj Close	Yield	Dividend
1/4/2010	37.18	37.37	36.68	36.98	36.68	3.19%	0.295
1/5/2010	37	37.04	35.74	35.9	35.61	3.24%	
1/6/2010	35.95	36.25	35.5	35.62	35.33	3.29%	
1/7/2010	35.7	35.9	35.32	35.85	35.56	3.31%	
1/8/2010	35.84	36.48	35.55	36.47	36.17	3.28%	
1/11/2010	36.52	36.8	36.06	36.61	36.31	3.24%	
1/12/2010	36.33	37	36.33	36.83	36.53	3.22%	
1/13/2010	36.81	37.29	36.64	37.04	36.74	3.19%	
1/14/2010	36.94	37.96	36.79	37.8	37.49	3.16%	
1/15/2010	37.89	38.06	37.05	37.7	37.39	3.14%	
1/19/2010	37.85	38.09	37.68	37.87	37.56	3.11%	
1/20/2010	37.76	37.76	36.85	37.28	36.98	3.16%	
1/21/2010	37.36	37.69	36.55	36.68	36.38	3.18%	
1/22/2010	36.56	37.26	36.4	36.47	36.17	3.20%	
1/25/2010	36.59	37.05	36.23	36.69	36.39	3.22%	
1/26/2010	36.43	36.6	36.17	36.19	35.89	3.24%	
1/27/2010	36.01	36.38	35.95	36.24	35.94	3.26%	
1/28/2010	36.4	36.62	35.98	35.99	35.7	3.25%	
1/29/2010	36.06	36.58	36.06	36.32	36.02	3.25%	
2/1/2010	36.38	36.67	36.01	36.33	36.03	3.25%	
2/2/2010	36.46	36.54	35.99	36.22	35.92	3.25%	
2/3/2010	36.05	36.59	35.85	36.52	36.22	3.26%	
2/4/2010	36.73	36.73	36	36.05	36.05	3.28%	0.298
2/5/2010	36.15	36.47	35.85	36.03	36.03	3.30%	
2/8/2010	36.28	36.28	35.6	35.6	35.6	3.32%	
2/9/2010	35.83	35.86	35.34	35.47	35.47	3.35%	
2/10/2010	35.5	35.68	35.25	35.59	35.59	3.36%	
2/11/2010	35.61	35.97	35.26	35.86	35.86	3.35%	
2/12/2010	35.74	36	35.57	35.92	35.92	3.33%	
2/16/2010	36.18	36.41	36.04	36.41	36.41	3.29%	
2/17/2010	36.57	36.61	36.22	36.55	36.55	3.27%	
2/18/2010	36.62	37	36.39	36.99	36.99	3.25%	
2/19/2010	36.87	37.68	36.87	37.41	37.41	3.20%	
2/22/2010	37.57	37.6	37.13	37.27	37.27	3.19%	
2/23/2010	37.34	37.58	37.1	37.27	37.27	3.19%	
2/24/2010	37.24	37.37	37.06	37.24	37.24	3.20%	
2/25/2010	36.87	37.26	36.5	36.76	36.76	3.23%	
2/26/2010	36.73	36.73	35.88	35.88	35.88	3.28%	
3/1/2010	35.98	36.32	35.41	35.6	35.6	3.32%	
3/2/2010	35.65	36.03	35.34	35.48	35.48	3.34%	
3/3/2010	35.63	36.99	35.63	36.55	36.55	3.28%	
3/4/2010	36.51	36.84	36.33	36.52	36.52	3.26%	
3/5/2010	36.62	36.97	36.37	36.9	36.9	3.25%	
3/8/2010	36.88	37	36.56	36.61	36.61	3.24%	
3/9/2010	36.55	36.81	36.51	36.67	36.67	3.25%	
3/10/2010	36.77	36.77	36.31	36.56	36.56	3.26%	
3/11/2010	36.34	36.71	36.26	36.71	36.71	3.27%	
3/12/2010	36.71	36.75	36.26	36.55	36.55	3.27%	
3/15/2010	36.62	36.87	36.58	36.76	36.76	3.25%	

Dividend Yield Calculation

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California Water

Average Yield 3.24%
Spot Yield 3.13%

Date	Open	High	Low	Close	Adj Close	Yield	Dividend
3/16/2010	36.75	37.27	36.44	36.82	36.82	3.23%	
3/17/2010	36.89	37.38	36.71	37.18	37.18	3.22%	
3/18/2010	37.08	37.4	37.05	37.23	37.23	3.20%	
3/19/2010	37.2	37.4	36.7	37.07	37.07	3.22%	
3/22/2010	36.97	37.09	36.69	37	37	3.23%	
3/23/2010	36.95	37.14	36.57	37.11	37.11	3.23%	
3/24/2010	37.1	37.15	36.57	36.71	36.71	3.23%	
3/25/2010	36.78	36.92	36.37	36.4	36.4	3.25%	
3/26/2010	36.55	36.81	36.34	36.81	36.81	3.26%	
3/29/2010	36.93	37.54	36.75	37.54	37.54	3.21%	
3/30/2010	37.49	37.83	37.37	37.71	37.71	3.17%	
3/31/2010	37.5	37.97	37.47	37.61	37.61	3.16%	

Dividend Yield Calculation

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Connecticut Water Services

Average Yield 3.91%
Spot Yield 3.92%

Date	Open	High	Low	Close	Adj Close	Yield	Dividend
1/4/2010	25.12	25.12	24.77	25	24.76	3.66%	0.228
1/5/2010	24.87	25	24.21	24.22	23.99	3.71%	
1/6/2010	24.26	24.56	23.31	23.55	23.32	3.81%	
1/7/2010	23.6	24.07	23.46	23.51	23.28	3.84%	
1/8/2010	23.53	24.07	23.3	24.07	23.84	3.85%	
1/11/2010	24.09	24.13	23.56	23.71	23.48	3.82%	
1/12/2010	23.56	23.85	23.52	23.77	23.54	3.85%	
1/13/2010	23.97	24.04	23.71	23.91	23.68	3.82%	
1/14/2010	23.83	24.11	23.71	24.05	23.82	3.81%	
1/15/2010	24.15	24.15	23.54	23.78	23.55	3.82%	
1/19/2010	23.81	23.91	23.61	23.91	23.68	3.84%	
1/20/2010	23.72	23.8	23.59	23.73	23.5	3.85%	
1/21/2010	23.7	23.7	23.07	23.08	22.86	3.90%	
1/22/2010	23.07	23.22	22.8	22.93	22.71	3.96%	
1/25/2010	23.01	23.13	22.74	22.95	22.73	3.98%	
1/26/2010	22.8	22.96	22.53	22.53	22.31	4.01%	
1/27/2010	22.47	22.96	22.47	22.9	22.68	4.01%	
1/28/2010	22.88	22.88	22.4	22.45	22.23	4.03%	
1/29/2010	22.59	22.73	22.1	22.24	22.03	4.07%	
2/1/2010	22.41	22.61	22.18	22.18	21.97	4.07%	
2/2/2010	22.64	22.64	22.16	22.24	22.03	4.07%	
2/3/2010	22.21	22.29	22.05	22.05	21.84	4.11%	
2/4/2010	22.03	22.24	21.75	21.75	21.54	4.15%	
2/5/2010	21.74	21.93	21.57	21.8	21.59	4.19%	
2/8/2010	21.68	22.09	21.57	21.61	21.4	4.18%	
2/9/2010	21.88	21.88	21.57	21.85	21.64	4.20%	
2/10/2010	21.69	22.47	21.58	22.21	22	4.14%	
2/11/2010	22.07	22.42	21.97	22.35	22.13	4.11%	
2/12/2010	22.1	22.55	22	22.53	22.31	4.09%	
2/16/2010	22.28	22.4	22.12	22.35	22.13	4.10%	
2/17/2010	22.4	22.74	22.34	22.69	22.47	4.05%	
2/18/2010	22.57	22.98	22.31	22.98	22.76	4.03%	
2/19/2010	22.98	23.21	22.81	22.96	22.74	3.96%	
2/22/2010	22.92	23.31	22.88	23.3	23.07	3.95%	
2/23/2010	23.33	23.65	23.33	23.43	23.2	3.88%	
2/24/2010	23.55	23.7	23.38	23.59	23.36	3.87%	
2/25/2010	23.2	23.2	23.02	23.2	23.2	3.95%	0.228
2/26/2010	23.15	23.3	22.3	22.51	22.51	4.00%	
3/1/2010	22.6	22.96	22.38	22.49	22.49	4.02%	
3/2/2010	23.12	23.9	22.52	23.86	23.86	3.93%	
3/3/2010	23.84	23.84	23.06	23.23	23.23	3.89%	
3/4/2010	23.36	24.2	22.76	24.02	24.02	3.88%	
3/5/2010	24.08	24.59	23.65	24.18	24.18	3.78%	
3/8/2010	24.1	24.25	23.79	24.06	24.06	3.80%	
3/9/2010	23.89	24.22	23.83	24.22	24.22	3.80%	
3/10/2010	24.15	24.15	23.88	24.12	24.12	3.80%	
3/11/2010	23.93	24.12	23.77	24.06	24.06	3.81%	
3/12/2010	24.04	24.05	23.48	23.99	23.99	3.84%	
3/15/2010	24.02	24.04	23.8	23.94	23.94	3.81%	

Dividend Yield Calculation

Connecticut Water Services

Average Yield	3.91%
Spot Yield	3.92%

Date	Open	High	Low	Close	Adj Close	Yield	Dividend
3/16/2010	24.05	24.05	23.65	24.05	24.05	3.82%	
3/17/2010	24.03	24.28	23.71	23.76	23.76	3.80%	
3/18/2010	23.66	23.93	23.59	23.92	23.92	3.84%	
3/19/2010	24.06	24.63	23.8	24.57	24.57	3.77%	
3/22/2010	24.27	24.57	23.85	24.5	24.5	3.77%	
3/23/2010	24.43	24.92	24.31	24.8	24.8	3.71%	
3/24/2010	24.6	24.63	24.25	24.25	24.25	3.73%	
3/25/2010	24.3	24.36	23.85	23.92	23.92	3.78%	
3/26/2010	24.36	24.38	23.7	23.86	23.86	3.79%	
3/29/2010	23.8	24.02	23.63	23.97	23.97	3.83%	
3/30/2010	23.93	24.09	23.7	23.89	23.89	3.82%	
3/31/2010	23.73	23.86	23.26	23.27	23.27	3.87%	

Dividend Yield Calculation

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Middlesex Water

Average Yield 4.22%
Spot Yield 4.25%

Date	Open	High	Low	Close	Adj Close	Yield	Dividend
1/4/2010	17.88	18	17.72	17.91	17.72	4.03%	0.18
1/5/2010	17.83	17.84	17.21	17.22	17.03	4.11%	
1/6/2010	17.26	17.33	16.96	16.98	16.8	4.20%	
1/7/2010	17.02	17.25	16.96	17.18	17	4.21%	
1/8/2010	17.17	17.36	16.96	17.34	17.15	4.20%	
1/11/2010	17.34	17.34	16.96	17.02	16.84	4.20%	
1/12/2010	16.95	17.39	16.95	17.21	17.02	4.19%	
1/13/2010	17.33	17.5	17.11	17.37	17.18	4.16%	
1/14/2010	17.44	17.5	17.32	17.38	17.19	4.14%	
1/15/2010	17.47	17.47	17.15	17.18	17	4.16%	
1/19/2010	17.12	17.35	17	17.32	17.13	4.19%	
1/20/2010	17.19	17.19	16.76	16.86	16.68	4.24%	
1/21/2010	16.96	17	16.47	16.49	16.31	4.30%	
1/22/2010	16.5	16.88	16.32	16.33	16.15	4.34%	
1/25/2010	16.38	16.89	16.27	16.62	16.44	4.34%	
1/26/2010	16.6	16.92	16.35	16.5	16.32	4.33%	
1/27/2010	16.39	16.73	16.16	16.59	16.41	4.38%	
1/28/2010	16.57	16.65	16.27	16.44	16.26	4.37%	
1/29/2010	16.55	17.3	16.39	17.25	17.06	4.27%	
2/1/2010	17.23	17.23	16.81	16.87	16.69	4.23%	
2/2/2010	16.83	17.26	16.83	17.11	16.93	4.22%	
2/3/2010	17.01	17.28	16.94	17.19	17.01	4.21%	
2/4/2010	17.06	17.19	16.69	16.69	16.51	4.25%	
2/5/2010	16.68	16.9	16.43	16.78	16.6	4.32%	
2/8/2010	16.72	16.83	16.39	16.42	16.24	4.33%	
2/9/2010	16.61	16.79	16.45	16.73	16.55	4.33%	
2/10/2010	16.62	16.62	16.31	16.52	16.52	4.37%	0.18
2/11/2010	16.42	16.5	16.34	16.5	16.5	4.38%	
2/12/2010	16.33	16.5	16.3	16.42	16.42	4.39%	
2/16/2010	16.51	16.66	16.32	16.52	16.52	4.37%	
2/17/2010	16.65	16.65	16.35	16.52	16.52	4.36%	
2/18/2010	16.54	16.62	16.41	16.56	16.56	4.36%	
2/19/2010	16.57	16.94	16.57	16.72	16.72	4.30%	
2/22/2010	16.68	17.11	16.66	16.94	16.94	4.26%	
2/23/2010	16.95	17.1	16.64	16.87	16.87	4.27%	
2/24/2010	16.87	17.44	16.73	17.38	17.38	4.21%	
2/25/2010	17.13	17.24	16.99	17.05	17.05	4.21%	
2/26/2010	17.01	17.1	16.55	16.55	16.55	4.28%	
3/1/2010	16.63	16.99	16.63	16.96	16.96	4.28%	
3/2/2010	17	17.31	16.78	17.22	17.22	4.22%	
3/3/2010	17.3	17.39	16.98	17.13	17.13	4.19%	
3/4/2010	17.12	17.34	17.11	17.27	17.27	4.18%	
3/5/2010	17.31	17.35	17.16	17.27	17.27	4.17%	
3/8/2010	17.21	17.37	17.13	17.27	17.27	4.17%	
3/9/2010	17.26	17.36	17.14	17.36	17.36	4.17%	
3/10/2010	17.4	17.55	17.36	17.55	17.55	4.12%	
3/11/2010	17.41	17.64	17.04	17.36	17.36	4.15%	
3/12/2010	17.34	17.62	17.31	17.58	17.58	4.12%	
3/15/2010	17.57	17.75	17.34	17.59	17.59	4.10%	

Dividend Yield Calculation

Middlesex Water

Average Yield 4.22%
Spot Yield 4.25%

Date	Open	High	Low	Close	Adj Close	Yield	<u>Dividend</u>
3/16/2010	17.7	17.7	17.24	17.64	17.64	4.12%	
3/17/2010	17.68	17.75	17.32	17.53	17.53	4.11%	
3/18/2010	17.45	17.57	17.28	17.49	17.49	4.13%	
3/19/2010	17.61	17.76	17.17	17.68	17.68	4.12%	
3/22/2010	17.59	17.74	17.31	17.62	17.62	4.11%	
3/23/2010	17.57	17.76	17.35	17.71	17.71	4.10%	
3/24/2010	17.58	17.74	17.42	17.43	17.43	4.10%	
3/25/2010	17.49	17.77	17.4	17.46	17.46	4.09%	
3/26/2010	17.5	17.67	17.11	17.19	17.19	4.14%	
3/29/2010	17.18	17.38	17.18	17.37	17.37	4.17%	
3/30/2010	17.34	17.53	17.2	17.37	17.37	4.15%	
3/31/2010	17.26	17.59	17.05	17.05	17.05	4.16%	

Dividend Yield Calculation

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Pennichuck Corporation

Average Yield 3.44%
Spot Yield 3.07%

Date	Open	High	Low	Close	Adj Close	Yield	Dividend
1/4/2010	21.31	21.52	21.24	21.42	21.23	3.27%	0.175
1/5/2010	21.4	21.51	20.98	20.99	20.8	3.29%	
1/6/2010	20.95	21.37	20.88	20.88	20.69	3.31%	
1/7/2010	20.89	21.11	20.6	20.6	20.41	3.36%	
1/8/2010	20.64	21.05	20.53	20.53	20.34	3.37%	
1/11/2010	20.67	20.73	20.23	20.48	20.29	3.42%	
1/12/2010	20.28	20.79	20.25	20.48	20.29	3.41%	
1/13/2010	20.44	20.63	20.26	20.49	20.3	3.42%	
1/14/2010	20.57	20.68	20.31	20.42	20.24	3.42%	
1/15/2010	20.52	20.69	20.22	20.27	20.09	3.42%	
1/19/2010	20.27	20.57	20.23	20.45	20.26	3.43%	
1/20/2010	20.41	20.54	20.21	20.23	20.05	3.44%	
1/21/2010	20.2	20.2	19.77	19.82	19.64	3.50%	
1/22/2010	20.15	20.6	20.09	20.24	20.06	3.44%	
1/25/2010	20.31	20.36	19.7	20.36	20.18	3.49%	
1/26/2010	20.24	20.6	19.7	20.11	19.93	3.47%	0.18
1/27/2010	20.02	20.51	19.72	20.4	20.22	3.48%	
1/28/2010	20.37	20.37	20	20.17	19.99	3.47%	
1/29/2010	20.1	20.27	19.97	19.97	19.79	3.48%	
2/1/2010	20.4	20.41	19.71	20.31	20.13	3.49%	
2/2/2010	20.4	20.58	20.15	20.15	19.97	3.44%	
2/3/2010	20.18	20.18	19.76	19.82	19.64	3.51%	
2/4/2010	20.25	20.25	19.48	19.48	19.3	3.52%	
2/5/2010	19.55	19.77	19	19.77	19.59	3.61%	
2/8/2010	19.81	20	19.74	19.94	19.76	3.52%	
2/9/2010	19.65	19.88	19.65	19.88	19.7	3.54%	
2/10/2010	19.69	19.9	19.23	19.81	19.81	3.68%	
2/11/2010	19.73	20	19.73	19.95	19.95	3.62%	
2/12/2010	19.82	19.9	19.22	19.9	19.9	3.68%	
2/16/2010	19.87	19.87	19.65	19.75	19.75	3.64%	
2/17/2010	19.73	19.79	19.64	19.78	19.78	3.65%	
2/18/2010	19.86	19.89	19.83	19.83	19.83	3.63%	
2/19/2010	19.93	20.54	19.91	20.54	20.54	3.56%	
2/22/2010	20.61	21.1	20.61	21.1	21.1	3.45%	
2/23/2010	20.97	21.1	20.62	20.92	20.92	3.45%	
2/24/2010	20.83	21.08	20.83	21.04	21.04	3.44%	
2/25/2010	20.85	21	20.85	21	21	3.44%	
2/26/2010	21.05	21.05	20.89	20.97	20.97	3.43%	
3/1/2010	21.01	21.1	20.93	21.1	21.1	3.43%	
3/2/2010	21.08	21.1	20.97	20.97	20.97	3.42%	
3/3/2010	20.95	21.13	20.92	21.1	21.1	3.42%	
3/4/2010	21.1	21.2	20.92	21.1	21.1	3.42%	
3/5/2010	21.2	21.4	21.2	21.37	21.37	3.38%	
3/8/2010	21.33	21.33	21.1	21.27	21.27	3.39%	
3/9/2010	21.14	21.4	21.01	21.31	21.31	3.40%	
3/10/2010	21.23	21.25	21.01	21.16	21.16	3.41%	
3/11/2010	21.08	21.2	21	21.2	21.2	3.41%	
3/12/2010	21.2	21.21	21.01	21.01	21.01	3.41%	
3/15/2010	21.22	21.24	21	21.24	21.24	3.41%	

Dividend Yield Calculation

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Pennichuck Corporation

Average Yield	3.44%
Spot Yield	3.07%

Date	Open	High	Low	Close	Adj Close	Yield	Dividend
3/16/2010	20.93	21.01	20.71	20.93	20.93	3.45%	
3/17/2010	20.9	20.91	20.75	20.75	20.75	3.46%	
3/18/2010	20.79	20.98	20.5	20.74	20.74	3.47%	
3/19/2010	20.9	20.9	20.49	20.65	20.65	3.48%	
3/22/2010	20.84	21.18	20.8	21.17	21.17	3.43%	
3/23/2010	21.15	21.3	20.97	21.3	21.3	3.41%	
3/24/2010	21.24	21.33	21.02	21.14	21.14	3.40%	
3/25/2010	21.25	21.26	20.86	21.09	21.09	3.42%	
3/26/2010	21.11	22.65	20.88	22.65	22.65	3.31%	
3/29/2010	22.4	23.49	22.38	23.06	23.06	3.14%	
3/30/2010	23.08	23.47	23	23.47	23.47	3.10%	
3/31/2010	23.37	23.51	23.31	23.51	23.51	3.08%	

Dividend Yield Calculation

EXHIBIT DHC-11

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SJW

Average Yield 2.92%
Spot Yield 2.68%

Date	Open	High	Low	Close	Adj Close	Yield	Dividend
1/4/2010	22.9	23.37	22.79	23.27	23.09	2.86%	0.165
1/5/2010	23.27	23.27	22.35	22.39	22.22	2.89%	
1/6/2010	22.43	22.79	22.27	22.51	22.34	2.93%	
1/7/2010	22.49	22.65	22.1	22.48	22.31	2.95%	
1/8/2010	22.48	22.81	22.4	22.79	22.62	2.92%	
1/11/2010	22.8	22.97	22.5	22.58	22.41	2.90%	
1/12/2010	22.47	22.67	22.4	22.54	22.37	2.93%	
1/13/2010	22.55	22.96	22.54	22.68	22.51	2.90%	
1/14/2010	22.6	23.93	22.6	23.71	23.53	2.84%	
1/15/2010	23.95	23.95	22.7	22.96	22.78	2.83%	
1/19/2010	22.94	23.64	22.94	23.63	23.45	2.83%	
1/20/2010	23.39	23.39	22.59	22.95	22.77	2.87%	
1/21/2010	22.92	22.98	22.11	22.32	22.15	2.93%	
1/22/2010	22.32	22.56	22.15	22.26	22.09	2.95%	
1/25/2010	22.29	22.69	22.14	22.39	22.22	2.94%	
1/26/2010	22.21	22.42	22.01	22.01	21.84	2.97%	
1/27/2010	21.97	22.34	21.97	22.2	22.03	2.98%	
1/28/2010	22.22	22.22	21.93	22	21.83	2.99%	
1/29/2010	22.14	22.27	21.93	21.93	21.76	2.99%	
2/1/2010	22.03	22.27	21.84	22.09	21.92	2.99%	
2/2/2010	22.17	22.33	21.93	22.09	21.92	2.98%	
2/3/2010	22.12	22.32	21.69	22.15	21.98	3.00%	
2/4/2010	21.77	22.05	21.77	21.84	21.84	3.10%	0.17
2/5/2010	21.89	22	21.62	21.86	21.86	3.12%	
2/8/2010	21.78	21.89	21.66	21.76	21.76	3.12%	
2/9/2010	22.08	22.08	21.62	21.91	21.91	3.11%	
2/10/2010	21.73	21.9	21.6	21.84	21.84	3.13%	
2/11/2010	21.71	22.32	21.6	22.28	22.28	3.10%	
2/12/2010	22.01	22.18	21.76	22.01	22.01	3.10%	
2/16/2010	22.12	22.18	21.7	22.09	22.09	3.10%	
2/17/2010	22.2	22.23	21.87	22.17	22.17	3.08%	
2/18/2010	22.13	22.36	21.92	22.36	22.36	3.07%	
2/19/2010	22.34	22.75	22.18	22.49	22.49	3.03%	
2/22/2010	22.56	22.64	22.4	22.55	22.55	3.02%	
2/23/2010	22.58	22.69	22.38	22.62	22.62	3.02%	
2/24/2010	22.62	22.71	21.94	22.64	22.64	3.05%	
2/25/2010	22.06	22.36	21.7	22.36	22.36	3.09%	
2/26/2010	22.35	22.67	22.11	22.44	22.44	3.04%	
3/1/2010	22.54	22.7	22.16	22.33	22.33	3.03%	
3/2/2010	22.31	22.83	22.07	22.83	22.83	3.03%	
3/3/2010	22.9	23.5	22.75	23.3	23.3	2.94%	
3/4/2010	23.23	23.42	23.01	23.42	23.42	2.93%	
3/5/2010	23.33	23.56	23.13	23.56	23.56	2.91%	
3/8/2010	23.51	23.85	23.51	23.78	23.78	2.87%	
3/9/2010	23.79	23.96	23.63	23.95	23.95	2.86%	
3/10/2010	23.88	24	23.79	23.94	23.94	2.85%	
3/11/2010	23.87	23.98	23.81	23.95	23.95	2.85%	
3/12/2010	24	24	23.73	23.9	23.9	2.85%	
3/15/2010	23.93	23.99	23.65	23.8	23.8	2.85%	

Dividend Yield Calculation

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SJW

Average Yield	2.92%
Spot Yield	2.68%

Date	Open	High	Low	Close	Adj Close	Yield	Dividend
3/16/2010	23.81	24.03	23.56	24.03	24.03	2.86%	
3/17/2010	24.01	24.95	24.01	24.65	24.65	2.78%	
3/18/2010	24.57	25.22	24.57	24.82	24.82	2.73%	
3/19/2010	24.98	25.52	24.6	25.5	25.5	2.71%	
3/22/2010	25.34	25.48	25.05	25.46	25.46	2.69%	
3/23/2010	25.39	26.18	25.25	26.12	26.12	2.64%	
3/24/2010	25.94	26.43	25.94	26.06	26.06	2.60%	
3/25/2010	26.07	26.14	25.08	25.14	25.14	2.66%	
3/26/2010	25.15	25.22	24.46	24.6	24.6	2.74%	
3/29/2010	24.75	25.3	24.75	25.27	25.27	2.72%	
3/30/2010	25.23	25.79	25.23	25.63	25.63	2.67%	
3/31/2010	25.43	25.82	25.14	25.42	25.42	2.67%	

0.165

Dividend Yield Calculation

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York Water

Average Yield 3.70%
Spot Yield 3.69%

Date	Open	High	Low	Close	Adj Close	Yield	Dividend
1/4/2010	14.69	14.93	14.64	14.89	14.75	3.46%	0.128
1/5/2010	15.00	15.00	14.64	14.70	14.56	3.45%	
1/6/2010	14.65	14.88	14.22	14.26	14.13	3.52%	
1/7/2010	14.33	14.59	14.16	14.22	14.09	3.56%	
1/8/2010	14.45	14.45	14.18	14.28	14.15	3.58%	
1/11/2010	14.25	14.35	14.15	14.15	14.02	3.59%	
1/12/2010	14.15	14.32	14.07	14.08	13.95	3.61%	
1/13/2010	14.01	14.25	14.00	14.05	13.92	3.62%	
1/14/2010	14.06	14.13	14.00	14.04	13.91	3.64%	
1/15/2010	14.25	14.26	13.89	13.90	13.77	3.64%	
1/19/2010	14.02	14.04	13.92	14.03	13.90	3.66%	
1/20/2010	13.93	14.05	13.90	13.93	13.80	3.66%	
1/21/2010	13.95	14.05	13.77	13.81	13.68	3.68%	
1/22/2010	13.80	13.85	13.60	13.60	13.47	3.73%	
1/25/2010	13.62	13.73	13.60	13.64	13.51	3.75%	
1/26/2010	13.65	13.65	13.52	13.53	13.40	3.77%	
1/27/2010	13.52	13.54	13.10	13.27	13.15	3.84%	
1/28/2010	13.25	13.30	13.04	13.05	12.93	3.89%	
1/29/2010	13.06	13.47	13.05	13.28	13.16	3.86%	
2/1/2010	13.35	13.42	13.10	13.39	13.27	3.86%	
2/2/2010	13.40	13.72	13.19	13.22	13.10	3.81%	
2/3/2010	13.22	13.42	13.09	13.11	12.99	3.86%	
2/4/2010	13.10	13.34	13.07	13.08	12.96	3.88%	
2/5/2010	13.12	13.27	13.11	13.23	13.11	3.88%	
2/8/2010	13.28	13.31	13.04	13.04	12.92	3.89%	
2/9/2010	13.21	13.55	13.09	13.14	13.02	3.84%	
2/10/2010	13.13	13.41	13.13	13.40	13.28	3.86%	
2/11/2010	13.34	13.59	13.15	13.58	13.45	3.83%	
2/12/2010	13.50	13.56	13.40	13.45	13.32	3.80%	
2/16/2010	13.55	13.84	13.55	13.79	13.66	3.74%	
2/17/2010	13.83	13.94	13.50	13.93	13.80	3.73%	
2/18/2010	13.93	14.08	13.79	13.95	13.82	3.67%	
2/19/2010	13.86	13.90	13.45	13.74	13.61	3.74%	
2/22/2010	13.75	13.85	13.60	13.80	13.67	3.73%	
2/23/2010	13.71	13.85	13.65	13.77	13.64	3.72%	
2/24/2010	13.83	13.88	13.71	13.85	13.85	3.71%	0.128
2/25/2010	13.75	13.94	13.51	13.75	13.75	3.73%	
2/26/2010	13.69	13.94	13.41	13.47	13.47	3.74%	
3/1/2010	13.56	13.93	13.56	13.93	13.93	3.72%	
3/2/2010	13.90	13.93	13.62	13.88	13.88	3.72%	
3/3/2010	13.93	13.95	13.69	13.89	13.89	3.70%	
3/4/2010	13.95	14.07	13.85	14.07	14.07	3.67%	
3/5/2010	14.05	14.07	13.96	14.05	14.05	3.65%	
3/8/2010	14.02	14.07	13.91	14.02	14.02	3.66%	
3/9/2010	14.06	14.22	13.90	14.15	14.15	3.64%	
3/10/2010	14.29	14.34	13.95	14.25	14.25	3.62%	
3/11/2010	14.16	14.30	13.95	14.30	14.30	3.62%	
3/12/2010	14.10	14.26	14.00	14.02	14.02	3.62%	
3/15/2010	14.06	14.11	13.91	14.02	14.02	3.65%	

Dividend Yield Calculation

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York Water

Average Yield 3.70%
Spot Yield 3.69%

Date	Open	High	Low	Close	Adj Close	Yield	Dividend
3/16/2010	13.99	14.01	13.82	14.00	14.00	3.68%	
3/17/2010	14.05	14.16	13.83	14.15	14.15	3.66%	
3/18/2010	14.02	14.06	13.81	14.00	14.00	3.67%	
3/19/2010	13.98	14.17	13.84	13.96	13.96	3.66%	
3/22/2010	13.98	14.14	13.78	14.11	14.11	3.67%	
3/23/2010	14.10	14.20	13.94	14.18	14.18	3.64%	
3/24/2010	14.18	14.25	13.90	14.12	14.12	3.64%	
3/25/2010	14.14	14.14	13.83	13.92	13.92	3.66%	
3/26/2010	13.92	14.06	13.91	14.01	14.01	3.66%	
3/29/2010	14.01	14.16	13.80	14.05	14.05	3.66%	
3/30/2010	14.10	14.15	13.86	13.92	13.92	3.66%	
3/31/2010	13.90	14.05	13.72	13.75	13.75	3.69%	

Dividend Yield

<u>Company</u>	<u>Three-Month Yield</u>	<u>Spot Yield</u>	<u>Average of Spot and Three-Month</u>
American States Water	3.09%	2.96%	3.03%
American Water Works	3.84%	3.84%	3.84%
Aqua America	3.38%	3.29%	3.33%
Artesian Resources	4.17%	4.19%	4.18%
California Water	3.24%	3.13%	3.19%
Connecticut Water Service	3.91%	3.92%	3.91%
Middlesex Water	4.22%	4.25%	4.23%
Pennichuck	3.44%	3.07%	3.26%
SJW Corp.	2.92%	2.68%	2.80%
York Water Co.	<u>3.70%</u>	<u>3.69%</u>	<u>3.69%</u>
Averages	3.59%	3.50%	<u>3.55%</u>

*Note: All yields and averages are rounded to 0.00%;
spot yield is 4/1/10. Data from Exhibit DHC- 11*

AMER. STATES WATER NYSE:AMR										RECENT PRICE	37.73	P/E RATIO	23.6 (Trailing: 25.8 Median: 17.0)	RELATIVE P/E RATIO	1.36	DIV'D YLD	2.4%	VALUE LINE				
TIMELINESS	3	Raised 3/24/06	High: 14.0	Low: 10.5	16.1	17.1	19.5	26.5	25.3	26.4	29.0	29.0	26.8	34.6	43.8				Target Price	2009	2010	Range 2011
SAFETY	3	New 2/4/00	LEGENDS																			
TECHNICAL	3	Lowered 6/30/06	1.25 x Dividends p sh divided by Interest Rate																			
BETA	.75	(1.00 = Market)	2-for-1 split 10/93																			
2009-11 PROJECTIONS			3-for-2 split 6/02																			
			Options: No																			
			Shaded area indicates recession																			

AQUA AMERICA NYSE-WTR										RECENT PRICE	22.25	P/E RATIO	29.7 (Trailing: 32.2 Median: 23.0)	RELATIVE P/E RATIO	1.71	DIV'D YLD	1.9%	VALUE LINE																	
TIMELINESS	5	Lowered 5/12/06	High: 4.1	5.7	8.5	11.5	11.5	12.0	14.8	15.0	16.8	18.5	29.2	29.8				Target Price	2009	2010	2011														
SAFETY	3	Lowered 8/1/03	Low: 3.3	3.9	4.4	7.2	7.6	6.3	9.4	9.6	11.8	14.2	17.5	20.1																					
TECHNICAL	4	Raised 7/28/06	LEGENDS																																
BETA	.80	(1.00 = Market)	1.60 x Dividends p/sh divided by Interest Rate																																
2009-11 PROJECTIONS																																			
Price	35	Gain (+55%)	Ann'l Total	14%																															
High	35	Low	20	Return	Nil																														
Insider Decisions																																			
Institutional Decisions																																			
CAPITAL STRUCTURE as of 3/31/06																																			
Pension Assets-12/05 \$117.7 mill.																																			
Pfd Stock None																																			
Common Stock 129,512,881 shares as of 4/21/06																																			
MARKET CAP: \$2.9 billion (Mid Cap)																																			
CURRENT POSITION (SMILL)																																			
ANNUAL RATES of change (per sh)																																			
Cal-endar																																			
EARNINGS PER SHARE A																																			
QUARTERLY DIVIDENDS PAID B																																			
disc. operations: '96, 2d. Next earnings report due early August. (B) Dividends historically paid in early March, June, Sept. & Dec. Div'd reinvestment plan available (5% discount).																																			
(C) In millions, adjusted for stock splits.																																			
Company's Financial Strength																																			
Stock's Price Stability																																			
Price Growth Persistence																																			
Earnings Predictability																																			

CALIFORNIA WATER NYSE-CWT										RECENT PRICE	36.25	P/E RATIO	22.0	(Trailing: 24.5 Median: 19.0)	RELATIVE P/E RATIO	1.26	DIV'D YLD	3.2%	VALUE LINE
TIMELINESS	4	Raised 11/4/05	High: 17.6	21.9	29.6	33.8	32.0	31.4	28.6	26.9	31.4	37.9	42.1	45.8					Target Price Range
SAFETY	2	Lowered 8/11/95	Low: 14.8	16.3	18.6	20.8	22.6	21.5	22.9	20.5	23.7	26.1	31.2	32.8					2009 2010 2011
TECHNICAL	3	Lowered 7/7/06	LEGENDS																
BETA	.80	(1.00 = Market)	1.33 x Dividends p sh divided by Interest Rate																
2009-11 PROJECTIONS			2-for-1 split 1/98																
			Options: No																
			Shaded area indicates recession																

CONN. WATER SERVICES NDQ-CTWS				RECENT PRICE	22.10	TRAILING P/E RATIO	27.0	RELATIVE P/E RATIO	1.34	DIV'D YLD	3.9%	VALUE LINE	
RANKS				19.00 13.33	24.67 12.67	23.50 17.00	32.21 19.50	31.09 20.35	30.41 24.00	29.76 23.83	28.17 21.91	27.71 20.29	High Low
PERFORMANCE	3	Average	<div>LEGENDS</div> <div>12 Mos Mov Avg</div> <div>Rel Price Strength</div> <div>3-for-2 split 9/98</div> <div>3-for-2 split 9/01</div> <div>Shaded area indicates recession</div>										45
Technical	3	Average											30
SAFETY	3	Average											22.5
BETA	.85	(1.00 = Market)											13
Financial Strength	B+												9
Price Stability	80												6
Price Growth Persistence	65												4
Earnings Predictability	80												3
© VALUE LINE PUBLISHING, INC.				1998	1999	2000	2001	2002	2003	2004	2005	2006	2007/2008
SALES PER SH			5.58	5.87	5.70	5.93	5.77	5.91	6.04	5.81	--		
"CASH FLOW" PER SH			1.59	1.65	1.73	1.78	1.78	1.89	1.91	1.62	--		
EARNINGS PER SH			1.02	1.03	1.09	1.13	1.12	1.15	1.16	.88	NA	NA/NA	
DIV'DS DECL'D PER SH			.78	.79	.79	.80	.81	.83	.84	.85	--		
CAP'L SPENDING PER SH			1.12	1.42	1.43	1.86	1.98	1.49	1.58	1.96	--		
BOOK VALUE PER SH			8.52	8.61	8.92	9.25	10.06	10.46	10.94	11.52	--		
COMMON SHS OUTST'G (MILL)			6.80	7.26	7.28	7.65	7.94	7.97	8.04	8.17	--		
AVG ANN'L P/E RATIO			15.5	18.2	18.2	21.5	24.3	23.5	22.9	28.6	NA	NA/NA	
RELATIVE P/E RATIO			.81	1.04	1.18	1.10	1.33	1.34	1.21	1.51	--		
AVG ANN'L DIV'D YIELD			4.9%	4.2%	4.0%	3.3%	3.0%	3.0%	3.1%	3.4%	--		
SALES (\$MILL)			37.9	42.6	41.5	45.4	45.8	47.1	48.5	47.5	--		
OPERATING MARGIN			46.2%	48.7%	48.8%	56.1%	57.7%	52.1%	51.0%	48.3%	--		
DEPRECIATION (\$MILL)			3.9	4.5	4.7	5.0	5.4	5.9	6.0	6.1	--		
NET PROFIT (\$MILL)			7.0	7.5	8.0	8.7	8.8	9.2	9.4	7.2	--		
INCOME TAX RATE			34.3%	40.1%	35.7%	36.1%	33.8%	17.9%	22.9%	--			
NET PROFIT MARGIN			18.4%	17.6%	19.2%	19.1%	19.2%	19.5%	19.4%	15.1%	--		
WORKING CAP'L (\$MILL)			d3.7	d3.8	.3	d3.3	d5.1	d3.9	d.7	13.0	--		
LONG-TERM DEBT (\$MILL)			62.5	65.4	64.7	64.0	64.8	64.8	66.4	77.4	--		
SHR. EQUITY (\$MILL)			58.7	63.3	65.7	71.6	80.7	84.2	88.7	94.9	--		
RETURN ON TOTAL CAP'L			7.3%	7.4%	7.6%	7.9%	7.4%	7.5%	7.0%	5.0%	--		
RETURN ON SHR. EQUITY			11.9%	11.8%	12.1%	12.1%	10.9%	10.9%	10.6%	7.5%	--		
RETAINED TO COM EQ			2.8%	3.1%	3.2%	3.6%	3.1%	3.2%	3.1%	.3%	--		
ALL DIV'DS TO NET PROF			76%	74%	74%	71%	72%	71%	71%	95%	--		
Note: No analyst estimates available.													
ANNUAL RATES				ASSETS (\$mill.)				INDUSTRY: Water Utility					
of change (per share)													
5 Yrs.				2004				2005					
1 Yr.				6/30/06									
Sales				Cash Assets									
"Cash Flow"				Receivables									
Earnings				Inventory (Avg cost)									
Dividends				Other									
Book Value				Current Assets									
Fiscal Year				Property, Plant & Equip, at cost									
1Q				Accum Depreciation									
2Q				Net Property									
3Q				Other									
4Q				Total Assets									
Full Year				LIABILITIES (\$mill.)									
12/31/04				Accs Payable									
12/31/05				Debt Due									
12/31/06				Other									
12/31/07				Current Liab									
Fiscal Year				LONG-TERM DEBT AND EQUITY as of 6/30/06									
1Q				Total Debt \$82.1 mill.									
2Q				LT Debt \$77.4 mill.									
3Q				Including Cap. Leases NA									
4Q				(45% of Cap'l)									
Full Year				Leases, Uncapitalized Annual rentals NA									
2003				Pension Liability None in '05 vs. None in '04									
2004				Pfd Stock \$.8 mill.									
2005				Pfd Div'd Paid NMF									
2006				Common Stock 8,238,779 shares									
				(55% of Cap'l)									
INSTITUTIONAL DECISIONS				TOTAL SHAREHOLDER RETURN									
4Q'05				Dividends plus appreciation as of 9/30/2006									
1Q'06				3 Mos.									
2Q'06				6 Mos.									
to Buy				1 Yr.									
to Sell				3 Yrs.									
Hld's(000)				5 Yrs.									
1381				-4.85%									
1430				-14.25%									
1462				-7.51%									
				-9.34%									
				-6.24%									

MIDDLESEX WATER				NDQ--MSEX		RECENT PRICE 19.01		TRAILING P/E RATIO 22.9		RELATIVE P/E RATIO 1.13		DIV'D YLD 3.6%		VALUE LINE											
RANKS				12.88 9.63		19.75 10.50		16.97 12.50		18.73 14.69		20.04 13.73		21.23 15.77		21.81 16.85		23.47 17.07		20.50 16.50		High Low			
PERFORMANCE 2 Above Average				Technical 2 Above Average		SAFETY 3 Average		BETA .80 (1.00 = Market)																	
Financial Strength 8+				Price Stability 85		Price Growth Persistence 60		Earnings Predictability 70																	
© VALUE LINE PUBLISHING, INC.				1998		1999		2000		2001		2002		2003		2004		2005		2006		2007/2008			
SALES PER SH				4.39		5.35		5.39		5.87		5.98		6.12		6.25		6.44		--					
"CASH FLOW" PER SH				1.02		1.19		.99		1.18		1.20		1.15		1.28		1.33		--					
EARNINGS PER SH				.71		.76		.51		.66		.73		.61		.73		.71		.83 ^{A,B}		.84 ^C /NA			
DIV'DS DECL'D PER SH				.58		.60		.61		.62		.63		.65		.66		.67		--					
CAP'L SPENDING PER SH				2.68		2.33		1.32		1.25		1.59		1.87		2.54		2.18		--					
BOOK VALUE PER SH				6.80		6.95		6.98		7.11		7.39		7.60		8.38		8.60		--					
COMMON SHS OUTST'G (MILL)				9.82		10.00		10.11		10.17		10.36		10.48		11.36		11.58		--					
AVG ANN'L P/E RATIO				15.2		17.6		28.7		24.6		23.5		30.0		26.4		27.4		22.9		22.6/NA			
RELATIVE P/E RATIO				.79		1.00		1.87		1.26		1.28		1.71		1.39		1.45		--					
AVG ANN'L DIV'D YIELD				5.4%		4.4%		4.2%		3.8%		3.7%		3.5%		3.4%		3.5%		--					
SALES (\$MILL)				43.1		53.5		54.5		59.6		61.9		64.1		71.0		74.6		--		Bold figures are consensus earnings estimates and, using the recent prices, P/E ratios.			
OPERATING MARGIN				37.0%		33.9%		32.2%		47.2%		47.1%		44.0%		44.4%		44.4%		--					
DEPRECIATION (\$MILL)				3.8		4.3		4.9		5.3		5.0		5.6		6.4		7.2		--					
NET PROFIT (\$MILL)				6.5		7.9		5.3		7.0		7.8		6.6		8.4		8.5		--					
INCOME TAX RATE				31.5%		28.8%		33.1%		34.8%		33.3%		32.8%		31.1%		27.6%		--					
NET PROFIT MARGIN				15.1%		14.7%		9.7%		11.7%		12.5%		10.3%		11.9%		11.4%		--					
WORKING CAP'L (\$MILL)				14.6		6.8		d2.7		d.9		d9.3		d13.3		d11.8		d4.5		--					
LONG-TERM DEBT (\$MILL)				78.0		82.3		81.1		88.1		87.5		97.4		115.3		128.2		--					
SHR. EQUITY (\$MILL)				71.7		74.6		74.7		76.4		80.6		83.7		99.2		103.6		--					
RETURN ON TOTAL CAP'L				5.7%		6.4%		4.9%		5.6%		6.0%		5.0%		5.1%		5.0%		--					
RETURN ON SHR. EQUITY				9.1%		10.6%		7.1%		9.1%		9.6%		7.9%		8.5%		8.2%		--					
RETAINED TO COM EQ				1.8%		2.5%		NMF		.5%		1.3%		NMF		.9%		.5%		--					
ALL DIV'DS TO NET PROF				81%		78%		121%		94%		87%		106%		90%		94%		--					
No. of analysts changing earn. est. in last 14 days: 0 up, 0 down, consensus 5-year earnings growth not available. ^A Based upon one analyst's estimate. ^B Based upon one analyst's estimate. ^C Based upon one analyst's estimate.																									
ANNUAL RATES				of change (per share)		5 Yrs.		1 Yr.		ASSETS (\$mill.)		2004		2005		6/30/06		INDUSTRY: Water Utility							
Sales				4.5%		3.0%		3.0%		Cash Assets		4.0		3.0		2.3		BUSINESS: Middlesex Water Company, through its subsidiaries, engages in the ownership and operation of regulated water utility systems in central and southern New Jersey, and in Delaware, as well as a regulated wastewater utility in southern New Jersey. Its New Jersey water utility system (the Middlesex System) provides water services to retail customers in central New Jersey. The Middlesex System also provides water service under contract to municipalities in central New Jersey. The company operates the water supply system and wastewater system for the city of Perth Amboy in New Jersey in partnership with its subsidiary, Utility Service Associates (Perth Amboy), Inc. Its other New Jersey subsidiaries provide water and wastewater services to residents in Southampton Township. Has 231 employees. Chairman: J. Richard Tompkins, Inc.: NJ. Address: 1500 Ronson Road, P.O. Box 1500, Iselin, NJ 08830. Tel.: (732) 634-1500. Internet: http://www.middlesexwater.com.							
"Cash Flow"				3.5%		3.5%		Receivables		9.9		11.8		12.6											
Earnings				1.0%		-2.5%		Inventory (Avg cost)		1.2		1.3		1.5											
Dividends				2.0%		1.5%		Other		.9		.9		1.7											
Book Value				3.5%		2.5%		Current Assets		16.0		17.0		18.1											
Fiscal Year				QUARTERLY SALES (\$mill.)		1Q		2Q		3Q		4Q		Full Year		Property, Plant & Equip, at cost		314.9		343.0		--			
12/31/04				15.9		17.8		19.8		17.5		71.0		Accum Depreciation		62.0		66.0							
12/31/05				16.7		18.4		20.8		18.7		74.6		Net Property		262.9		288.0		300.0					
12/31/06				18.2		21.0								Other		26.7		19.4		19.3					
12/31/07														Total Assets		305.6		324.4		337.4					
Fiscal Year				EARNINGS PER SHARE		1Q		2Q		3Q		4Q		Full Year		LIABILITIES (\$mill.)		Accts Payable		6.0		6.0		5.0	
12/31/03				.11		.17		.22		.11		.61		Debt Due		12.1		5.9		14.7					
12/31/04				.09		.16		.29		.19		.73		Other		9.7		9.6		10.8					
12/31/05				.12		.16		.26		.17		.71		Current Liab		27.8		21.5		30.5					
12/31/06				.15		.25		.26		.17				LONG-TERM DEBT AND EQUITY as of 6/30/06											
12/31/07				.15										Total Debt \$142.2 mill.				Due in 5 Yrs. NA							
Cal-endar				QUARTERLY DIVIDENDS PAID		1Q		2Q		3Q		4Q		Full Year		LT Debt \$127.5 mill.									
2003				.161		.161		.161		.165		.65		Including Cap. Leases NA											
2004				.165		.165		.165		.168		.66		(55% of Cap'l)											
2005				.168		.168		.168		.17		.67		Leases, Uncapitalized Annual rentals NA											
2006				.17		.17		.17						Pension Liability \$6.7 mill. in '05 vs. \$5.5 mill. in '04											
INSTITUTIONAL DECISIONS				4Q'05		1Q'06		2Q'06		Pfd Stock \$4.0 mill.		Pfd Div'd Paid \$.2 mill. (2% of Cap'l)		Common Stock 11,619,662 shares (43% of Cap'l)											
to Buy				11		18		15																	
to Sell				21		18		20																	
Hld's(000)				1707		1789		1771																	
October 27, 2006																									
TOTAL SHAREHOLDER RETURN																									
Dividends plus appreciation as of 9/30/2006																									
3 Mos. 6 Mos. 1 Yr. 3 Yrs. 5 Yrs.																									
2.52% 3.35% -11.26% 15.61% 38.49%																									

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PENNICHUCK CORP				NDQ--PNW		RECENT PRICE	23.25	TRAILING P/E RATIO	27.7	RELATIVE P/E RATIO	1.65	DIV'D YLD	2.8%	VALUE LINE									
RANKS				20.74	18.56	20.25	24.30	26.25	22.34	22.00	25.90	26.92	28.48	High									
PERFORMANCE				2	Above Average	10.69	11.36	14.49	17.63	15.18	17.99	18.10	17.00	20.05	20.89	Low							
Technical				3	Average	LEGENDS										45							
SAFETY				3	Average	12 Mos Mov Avg										30							
BETA .45				(1.00 = Market)	4-for-3 split 12/01										22.5								
				4-for-3 split 6/05										13									
				Shaded area indicates recession										9									
Financial Strength				B+											6								
Price Stability				85											4								
Price Growth Persistence				45											3								
Earnings Predictability				30											150								
														VOL. (thous.)									
© VALUE LINE PUBLISHING, INC.				1999	2000	2001	2002	2003	2004	2005	2006	2007	2008/2009										
SALES PER SH				--	7.56	7.15	7.35	6.69	7.15	5.67	5.81	6.99											
"CASH FLOW" PER SH				--	2.19	2.09	2.00	1.53	1.57	.89	.99	1.77											
EARNINGS PER SH				--	1.17	1.14	1.13	.62	.60	.13	.14	.84	.91 ^A /.93 ^C										
DIV'DS DECL'D PER SH				--	.55	.57	.59	.63	.65	.66	.66	.66											
CAP'L SPENDING PER SH				--	2.47	2.58	1.65	2.25	1.69	2.60	5.08	4.25											
BOOK VALUE PER SH				--	9.13	9.61	9.55	9.44	9.37	10.89	10.57	10.78											
COMMON SHS OUTST'G (MILL)				--	3.13	3.18	3.19	3.19	3.22	4.19	4.21	4.23											
AVG ANN'L P/E RATIO				--	12.6	14.5	18.1	30.3	32.7	NMF	NMF	29.1	25.5/25.0										
RELATIVE P/E RATIO				--	.82	.74	.99	1.73	1.73	NMF	NMF	1.53											
AVG ANN'L DIV'D YIELD				--	3.7%	3.4%	2.9%	3.4%	3.3%	3.3%	3.2%	2.7%											
SALES (\$MILL)				--	23.7	22.8	23.4	21.4	23.0	23.8	24.5	29.5	Bold figures are consensus earnings estimates and, using the recent prices, P/E ratios.										
OPERATING MARGIN				--	52.3%	51.0%	44.5%	37.9%	40.7%	34.0%	30.7%	39.3%											
DEPRECIATION (\$MILL)				--	3.2	3.0	2.8	2.9	3.1	3.3	3.6	3.9											
NET PROFIT (\$MILL)				--	3.7	3.6	3.6	2.0	1.9	.5	.6	3.6											
INCOME TAX RATE				--	38.7%	39.1%	37.2%	38.9%	38.4%	38.0%	38.0%	39.2%											
NET PROFIT MARGIN				--	15.6%	15.9%	15.4%	9.2%	8.4%	2.0%	2.3%	12.1%											
WORKING CAP'L (\$MILL)				--	6.0	3.5	4.6	.4	11.0	19.2	3.2	2.9											
LONG-TERM DEBT (\$MILL)				--	26.9	27.1	26.9	26.9	16.9	41.3	47.7	58.0											
SHR. EQUITY (\$MILL)				--	28.6	30.6	30.4	30.2	30.2	45.6	44.6	45.6											
RETURN ON TOTAL CAP'L				--	8.4%	8.0%	8.0%	5.1%	5.9%	1.7%	2.2%	4.8%											
RETURN ON SHR. EQUITY				--	12.9%	11.8%	11.8%	6.5%	6.4%	1.0%	1.3%	7.9%											
RETAINED TO COM EQ				--	6.9%	5.9%	5.5%	NMF	NMF	NMF	NMF	1.7%											
ALL DIV'DS TO NET PROF				--	46%	50%	54%	102%	107%	NMF	NMF	78%											
^A No. of analysts changing earn. est. in last 12 days: 0 up, 0 down, consensus 5-year earnings growth not available. ^B Based upon one analyst's estimate. ^C Based upon one analyst's estimate.																							
ANNUAL RATES						ASSETS (\$mill.)						INDUSTRY: Water Utility											
of change (per share)						2005						2006		12/31/07									
5 Yrs.						11.9						2.3		9.0									
1 Yr.						3.9						4.9		4.7									
Sales						-3.5%						20.5%											
"Cash Flow"						-10.5%						79.0%											
Earnings						-20.5%						500.0%											
Dividends						3.0%						--											
Book Value						2.5%						2.0%											
Fiscal Year						QUARTERLY SALES (\$mill.)						Full Year											
						1Q						2Q		3Q		4Q							
12/31/05						4.8						6.2		7.0		5.8							
12/31/06						5.2						5.8		7.4		6.1							
12/31/07						6.0						7.1		9.4		7.0							
12/31/08																							
Fiscal Year						EARNINGS PER SHARE						Full Year											
						1Q						2Q		3Q		4Q							
12/31/04						d.01						.07		.18		.33							
12/31/05						d.14						.10		.14		.01							
12/31/06						d.17						.04		.16		.11							
12/31/07						.04						.31		.38		.11							
12/31/08						.03						.21		.50									
Cal-endar						QUARTERLY DIVIDENDS PAID						Full Year											
						1Q						2Q		3Q		4Q							
2005						.161						.165		.165		.165							
2006						.165						.165		.165		.165							
2007						.165						.165		.165		.165							
2008						.165																	
INSTITUTIONAL DECISIONS						2Q'07						3Q'07		4Q'07									
to Buy						7						11		9									
to Sell						3						3		4									
Hid's(000)						1446						1660		1714									
Pension Liability \$3.8 mill. in '07 vs. \$3.3 mill. in '06						Pfd Stock None						Pfd Div'd Paid None											
Common Stock 4,225,835 shares						(44% of Cap'l)																	
TOTAL SHAREHOLDER RETURN						Dividends plus appreciation as of 3/31/2008																	
3 Mos.						6 Mos.						1 Yr.						3 Yrs.					
5 Yrs.						-12.84%						-3.19%						2.74%					
						-2.83%						22.60%											

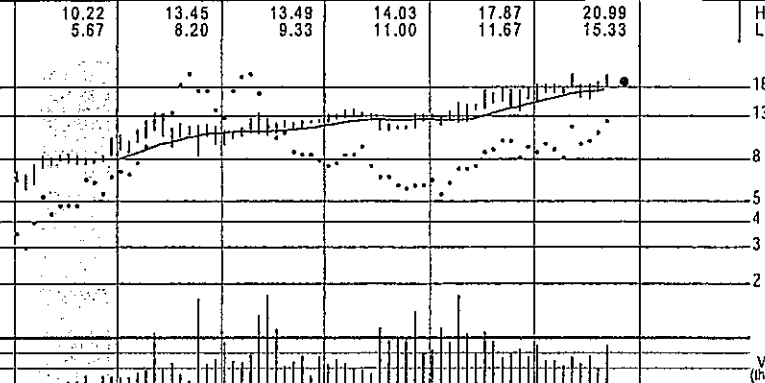
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SJW CORP. NYSE-SJW				RECENT PRICE	33.84	TRAILING P/E RATIO	27.3	RELATIVE P/E RATIO	1.35	DIV'D YLD	1.7%	VALUE LINE											
RANKS				11.92 8.08	20.17 9.54	20.33 15.83	17.83 11.58	15.07 12.67	14.95 12.57	19.64 14.60	27.80 16.07	34.00 21.16	High Low										
PERFORMANCE	3	Average																					
Technical	3	Average																					
SAFETY	2	Above Average																					
BETA	.75	(1.00 = Market)																					
Financial Strength	B++																						
Price Stability	85																						
Price Growth Persistence	65																						
Earnings Predictability	75																						
© VALUE LINE PUBLISHING, INC.				1998	1999	2000	2001	2002	2003	2004	2005	2006	2007/2008										
SALES PER SH				5.58	6.40	6.74	7.45	7.97	8.20	9.14	9.86	—											
"CASH FLOW" PER SH				1.26	1.43	1.23	1.49	1.55	1.75	1.89	2.21	—											
EARNINGS PER SH				.76	.87	.58	.77	.78	.91	.87	1.12	1.35 ^{A,B}	1.49 ^C /NA										
DIV'DS DECL'D PER SH				.39	.40	.41	.43	.46	.49	.51	.53	—											
CAP'L SPENDING PER SH				1.81	1.77	1.89	2.63	2.06	3.41	2.31	2.83	—											
BOOK VALUE PER SH				7.53	7.88	7.90	8.17	8.40	9.11	10.11	10.72	—											
COMMON SHS OUTST'G (MILL)				19.01	18.27	18.27	18.27	18.27	18.27	18.27	18.27	—											
AVG ANN'L P/E RATIO				13.1	15.5	33.1	18.5	17.3	15.4	19.6	19.7	25.1	22.7/NA										
RELATIVE P/E RATIO				.68	.88	2.15	.95	.94	.88	1.04	1.04	—											
AVG ANN'L DIV'D YIELD				3.9%	3.0%	2.1%	3.0%	3.4%	3.5%	3.0%	2.4%	—											
SALES (\$MILL)				106.0	117.0	123.2	136.1	145.7	149.7	166.9	180.1	—	Bold figures are consensus earnings estimates and, using the recent prices, P/E ratios.										
OPERATING MARGIN				36.0%	33.2%	30.2%	64.4%	63.7%	56.0%	56.4%	55.9%	—											
DEPRECIATION (\$MILL)				9.6	10.2	11.9	13.2	14.0	15.2	18.5	19.7	—											
NET PROFIT (\$MILL)				14.4	15.9	10.7	14.0	14.2	16.7	16.0	20.7	—											
INCOME TAX RATE				40.2%	35.9%	41.0%	34.5%	40.4%	36.2%	42.1%	41.6%	—											
NET PROFIT MARGIN				13.6%	13.6%	8.7%	10.3%	9.8%	11.2%	9.6%	11.5%	—											
WORKING CAP'L (\$MILL)				9.4	d3.0	d11.4	d3.8	d4.9	12.0	13.0	10.8	—											
LONG-TERM DEBT (\$MILL)				90.0	90.0	90.0	110.0	110.0	139.6	143.6	145.3	—											
SHR. EQUITY (\$MILL)				143.2	143.9	144.3	149.4	153.5	166.4	184.7	195.9	—											
RETURN ON TOTAL CAP'L				7.4%	8.2%	5.9%	6.7%	6.9%	6.9%	6.5%	7.6%	—											
RETURN ON SHR. EQUITY				10.1%	11.0%	7.4%	9.4%	9.3%	10.0%	8.7%	10.6%	—											
RETAINED TO COM EQ				4.9%	5.9%	2.2%	4.1%	3.8%	4.7%	3.6%	5.6%	—											
ALL DIV'DS TO NET PROF				52%	46%	70%	56%	59%	53%	58%	47%	—											
^No. of analysts changing earn. est. in last 14 days: 0 up, 0 down, consensus 5-year earnings growth not available. ^Based upon one analyst's estimate. ^Based upon one analyst's estimate.																							
ANNUAL RATES				ASSETS (\$mill.)				INDUSTRY: Water Utility															
of change (per share)				2004				2005				6/30/06											
Sales				10.9				9.4				2.6											
"Cash Flow"				14.6				18.4				25.8											
Earnings				.6				.8				.7											
Dividends				2.3				3.3				4.8											
Book Value				28.4				31.7				33.9											
Fiscal Year				1Q				2Q				3Q				4Q				Full Year			
12/31/04				31.1				45.6				52.3				37.9				166.9			
12/31/05				33.3				44.8				58.5				43.5				180.1			
12/31/06				33.7				47.9															
12/31/07																							
Fiscal Year				1Q				2Q				3Q				4Q				Full Year			
12/31/03				.18				.24				.33				.16				.91			
12/31/04				.09				.27				.30				.21				.87			
12/31/05				.15				.31				.53				.13				1.12			
12/31/06				.23				.35				.50				.28							
12/31/07				.22																			
Fiscal Year				1Q				2Q				3Q				4Q				Full Year			
2003				.122				.122				.122				.122				.49			
2004				.128				.128				.128				.128				.51			
2005				.134				.134				.134				.134				.54			
2006				.141				.141				.141											
INSTITUTIONAL DECISIONS				4Q'05				1Q'06				2Q'06											
to Buy				21				24				31											
to Sell				21				24				27											
Hld's(000)				6498				6597				6941											
Pension Liability \$13.2 mill. in '05 vs. \$9.4 mill. in '04																							
Pfd Stock None																							
Common Stock 18,271,698 shares																							

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YORK WATER CO				NDQ-YORW		RECENT PRICE	19.13	TRAILING P/E RATIO	34.2	RELATIVE P/E RATIO	1.69	DIV'D YLD	2.3%	VALUE LINE						
RANKS						10.22	5.67	13.45	8.20	13.49	9.33	14.03	11.00	17.87	11.67	20.99	15.33	High	Low	
PERFORMANCE	2	Above Average	<div>LEGENDS</div> <div>— 12 Mos Mov Avg</div> <div>... Rel Price Strength</div> <div>2-for-1 split 5/02</div> <div>3-for-2 split 9/06</div> <div>Shaded area indicates recession</div> 																18	
Technical	2	Above Average																	13	
SAFETY	3	Average																	8	
BETA .50	(1.00 = Market)																		5	
Financial Strength	B+																		4	
Price Stability	60		3																	
Price Growth Persistence	NMF		2																	
Earnings Predictability	85		175	VOL. (thous.)																
© VALUE LINE PUBLISHING, INC.				1998	1999	2000	2001	2002	2003	2004	2005	2006	2007/2008							
REVENUES PER SH				--	--	--	2.05	2.05	2.17	2.18	2.58	--								
"CASH FLOW" PER SH				--	--	--	.59	.57	.65	.65	.79	--								
EARNINGS PER SH				--	--	--	.43	.40	.47	.49	.56	.60 ^{A,B}		.64 ^C /NA						
DIV'D DECL'D PER SH				--	--	--	.34	.35	.37	.39	.42	--								
CAP'L SPENDING PER SH				--	--	--	.75	.66	1.07	2.50	1.69	--								
BOOK VALUE PER SH				--	--	--	3.79	3.90	4.06	4.65	4.85	--								
COMMON SHS OUTST'G (MILL)				--	--	--	9.46	9.55	9.63	10.33	10.40	--								
AVG ANN'L P/E RATIO				--	--	--	17.9	26.9	24.5	25.7	26.3	31.9		29.9/NA						
RELATIVE P/E RATIO				--	--	--	.92	1.47	1.40	1.36	1.39	--								
AVG ANN'L DIV'D YIELD				--	--	--	4.3%	3.3%	3.2%	3.1%	2.9%	--								
REVENUES (\$MILL)				--	--	18.5	19.4	19.6	20.9	22.5	26.8	--	Bold figures are consensus earnings estimates and, using the recent prices, P/E ratios.							
NET PROFIT (\$MILL)				--	--	3.8	4.0	3.8	4.4	4.8	5.8	--								
INCOME TAX RATE				--	--	35.7%	35.8%	34.9%	34.8%	36.7%	36.7%	--								
AFUDC % TO NET PROFIT				--	--	--	2.2%	3.7%	--	--	--	--								
LONG-TERM DEBT RATIO				--	--	50.2%	47.7%	46.7%	43.4%	42.5%	44.1%	--								
COMMON EQUITY RATIO				--	--	49.8%	52.3%	53.3%	56.6%	57.5%	55.9%	--								
TOTAL CAPITAL (\$MILL)				--	--	65.2	68.6	69.9	69.0	83.6	90.3	--								
NET PLANT (\$MILL)				--	--	97.0	102.3	106.7	116.5	140.0	155.3	--								
RETURN ON TOTAL CAP'L				--	--	7.9%	7.9%	7.4%	8.5%	7.6%	8.4%	--								
RETURN ON SHR. EQUITY				--	--	11.6%	11.2%	10.2%	11.4%	10.0%	11.6%	--								
RETURN ON COM EQUITY				--	--	11.6%	11.2%	10.2%	11.4%	10.0%	11.6%	--								
RETAINED TO COM EQ				--	--	2.5%	2.5%	1.3%	2.6%	2.1%	3.0%	--								
ALL DIV'DS TO NET PROF				--	--	78%	78%	88%	77%	79%	74%	--								
^A No. of analysts changing earn. est. in last 14 days: 0 up, 0 down, consensus 5-year earnings growth 7.0% per year. ^B Based upon 2 analysts' estimates. ^C Based upon 2 analysts' estimates.																				
ANNUAL RATES				ASSETS (\$mill.)				INDUSTRY: Water Utility				BUSINESS: York Water Company engages in the impounding, purification, and distribution of water in York County, Pennsylvania. The company has two reservoirs, Lake Williams and Lake Redman, which together held approximately 2.23 billion gallons of water. It supplies water for residential, commercial, industrial, and other customers. As of June 30, the company served approximately 56,281 customers in 34 municipalities in York County. Has 97 employees. C.E.O. & President: Jeffrey S. Osman, Inc.: PA. Address: 130 East Market Street, York, PA 17401. Tel.: (717) 845-3601. Internet: http://www.yorkwater.com .								
of change (per share)				2004				2005									6/30/06			
5 Yrs.				6/30/06																
1 Yr.																				
Revenues				Cash Assets				.2				.0								
"Cash Flow"				Receivables				3.7				3.8								
Earnings				Inventory				.7				.8								
Dividends				Other				.4				.5								
Book Value				Current Assets				5.0				5.1								
Fiscal Year				Property, Plant & Equip, at cost				164.3				182.4								
1Q				Accum Depreciation				24.3				27.1								
2Q				Net Property				140.0				155.3								
3Q				Other				11.1				11.9								
4Q				Total Assets				156.1				172.3								
Full Year				LIABILITIES (\$mill.)				1.8				2.6								
12/31/04				Accls Payable				16.3				19.3								
12/31/05				Debt Due				3.1				2.8								
12/31/06				Other				21.2				24.7								
12/31/07				Current Liab				29.3												
Fiscal Year				LONG-TERM DEBT AND EQUITY as of 6/30/06																
1Q				Total Debt \$62.3 mill.				Due in 5 Yrs. NA												
2Q				LT Debt \$39.8 mill.																
3Q				Including Cap. Leases NA				(43% of Cap'l)												
4Q				Leases, Uncapitalized Annual rentals NA																
Full Year				Pension Liability \$3.9 mill. in '05 vs. \$3.0 mill. in '04																
2003				Pfd Stock None				Pfd Div'd Paid None												
2004				Common Stock 10,432,089 shares				(57% of Cap'l)												
2005																				
2006																				
Cal-endar				TOTAL SHAREHOLDER RETURN				Dividends plus appreciation as of 9/30/2006												
1Q				3 Mos.				6 Mos.				1 Yr.								
2Q				20.08%				9.67%				13.23%								
3Q																				
4Q																				
Full Year																				
2003																				

DCF SUMMARY OF RESULTS

	<u>Earnings per</u> <u>Share</u>	<u>Dividends per</u> <u>Share</u>	<u>Sales/</u> <u>Revenue</u>	<u>Book Value per</u> <u>Share</u>	
10-year	2.65%	2.14%	7.09%	5.03%	
5-Year	6.39%	2.44%	7.49%	5.48%	
3-Year	9.21%	4.06%	8.57%	4.48%	
Average	6.08%	2.88%	7.72%	5.00%	
Estimates	7.85%	3.86%	6.92%	3.17%	
Growth	6.97%	3.37%	7.32%	4.08%	
Overall Growth					5.43%
Dividend Yield					3.55%
Yield Adjustment					<u>0.10%</u>
Cost of Equity					<u>9.08%</u>

Capital Asset Pricing Model ("CAP-M") Analysis

Exhibit DHC-15

p. 1 of 1

<u>Company</u>	<u>β</u>	
American States Water	0.80	
American Water Works	0.65	
Aqua America	0.65	
Artesian Resources	0.55	
California Water	0.75	
Conn. Water Service	0.80	
Middlesex Water	0.75	
Pennichuck	0.50	
SJW Corp.	0.95	
York Water Co.	0.65	
<i>Average Beta</i>	<i>0.71</i>	
	<i>Minimum of all companies</i>	<i>0.95</i>
	<i>Maximum of all companies</i>	<i>0.50</i>

<u>Term of Equation</u>	<u>Amount</u>	<u>Source</u>
β	0.71	Value Line β 's average; see above
R_m	12.35%	Ibbotson, see table below
R_f	4.61%	Blue Chip, 4/1/10; 30-yr bonds, 2010 Q1 -- See EXHIBIT DHC-6
$R_m - R_f$	7.74%	calculated
$R_f + (R_m - R_f)\beta$	10.07%	calculated

Average Growth by Size of Company

	Means:	<u>Geometric</u>	<u>Arithmetic</u>	
Large Co.		9.60	11.70	10.65 Average of Large Company Means
Small Co.		11.70	16.40	14.05 Average of Small Company Means
Average of Means		10.65	14.05	12.35 Overall Average

Source:

Ibbotson SBBI 2009 Classic Yearbook

p.32: Table 2-1: "Basic Series Summary Statistics of Annual Total Returns"

COMPARABLE EARNINGS METHOD ANALYSIS

EXHIBIT DHC-16

p. 1 of 9

Company	Industry Name	Beta	Book Value	Beta 10- Year	Proj 3-5 Yr	Proj Book
			Growth 10- Year		Dividend Yield	Value Growth Rate
CenturyTel Inc.	Telecom. Services	0.75	11.0	0.85	8.1	-2.5
National Presto Ind.	Diversified Co.	0.95	3.0	0.63	5.5	6.5
NiSource Inc.	Natural Gas Utility	0.85	6.5	0.67	5.1	1.0
Pitney Bowes	Office Equip/Supplies	0.90	-19.5	0.83	4.9	37.0
Lilly (Eli)	Drug	0.80	7.5	0.59	4.6	8.0
AT&T Inc.	Telecom. Services	0.75	10.5	0.72	4.4	4.0
Foot Locker	Retail (Special Lines)	0.95	4.5	0.80	4.3	
Pfizer, Inc.	Drug	0.75	16.0	0.54	4.2	8.0
Bristol-Myers Squibb	Drug	0.75	5.5	0.67	4.0	9.5
Verizon Communic.	Telecom. Services	0.70	7.0	0.76	3.6	2.0
ONEOK Inc.	Natural Gas (Div.)	0.95	9.0	0.76	3.6	6.5
Waste Management	Environmental	0.80	2.5	0.52	3.5	6.0
Genuine Parts	Auto Parts	0.80	3.5	0.62	3.4	7.0
McDonald's Corp.	Restaurant	0.65	6.5	0.72	3.2	6.0
Diebold, Inc.	Office Equip/Supplies	0.80	4.0	0.85	3.1	5.0
Sysco Corp.	Retail/Wholesale Food	0.70	10.5	0.54	3.0	6.0
National Fuel Gas	Natural Gas (Div.)	0.95	5.5	0.50	2.9	6.0
Cato Corp.	Retail (Special Lines)	0.95	8.5	0.72	2.8	8.0
Paychex, Inc.	Computer Software/Svcs	0.85	16.0	0.78	2.7	6.5
Bob Evans Farms	Restaurant	0.90	6.0	0.66	2.6	4.5
V.F. Corp.	Apparel	0.90	7.0	0.78	2.6	9.0
Northwest Bancshares	Thrift	0.80	14.0	0.50	2.5	9.0
Mattel, Inc.	Recreation	0.85	1.0	0.63	2.5	7.5
Sara Lee Corp.	Food Processing	0.85	4.0	0.56	2.4	14.5
Chevron Corp.	Petroleum (Integrated)	0.90	11.0	0.58	2.4	5.5
Sherwin-Williams	Chemical (Specialty)	0.70	4.5	0.66	2.3	7.5
Grainger (W.W.)	Electrical Equipment	0.95	7.0	0.81	2.3	11.0
Merck & Co.	Drug	0.80	8.5	0.63	2.2	12.5

COMPARABLE EARNINGS METHOD ANALYSIS

EXHIBIT DHC-16

p. 2 of 9

Company	Industry Name	Beta	Book Value Growth 10- Year	Beta 10- Year	Proj 3-5 Yr Dividend Yield	Proj Book Value Growth
						Rate
Valspar Corp.	Chemical (Specialty)	0.90	14.0	0.92	2.2	6.5
3M Company	Chemical (Diversified)	0.80	8.0	0.68	2.1	12.0
United Technologies	Diversified Co.	0.95	14.5	0.89	2.1	7.0
Brown-Forman 'B'	Beverage	0.70	9.0	0.53	2.0	10.0
Int'l Flavors & Frag.	Chemical (Specialty)	0.75	-1.0	0.69	2.0	13.5
Avon Products	Toiletries/Cosmetics	0.95	39.0	0.89	2.0	18.5
Illinois Tool Works	Metal Fabricating	0.95	11.0	0.94	2.0	7.5
Safeway Inc.	Retail/Wholesale Food	0.70	8.5	0.59	1.9	5.5
Nash Finch Co.	Retail/Wholesale Food	0.70	4.5	0.64	1.9	8.0
Teleflex Inc.	Diversified Co.	0.80	9.5	0.73	1.9	8.0
Gen'l Dynamics	Aerospace/Defense	0.95	13.5	0.85	1.9	12.0
Sensient Techn.	Food Processing	0.85	8.0	0.58	1.8	6.0
Wendy's/Arby's Group	Restaurant	0.90	36.5	0.73	1.8	4.5
Schulman (A.)	Chemical (Specialty)	0.90	3.0	0.80	1.8	11.5
SUPERVALU INC.	Retail/Wholesale Food	0.80	8.0	0.80	1.7	
West Pharmac. Svcs.	Medical Supplies	0.80	6.0	0.76	1.7	12.0
Bemis Co.	Packaging & Container	0.90	9.0	0.63	1.7	9.0
Nu Skin Enterprises	Toiletries/Cosmetics	0.95	8.5	0.58	1.7	15.0
Atlantic Tele-Network	Telecom. Services	0.95	11.0	0.59	1.7	18.5
Ruddick Corp.	Retail/Wholesale Food	0.60	6.5	0.53	1.6	7.5
Wolverine World Wide	Shoe	0.80	6.5	0.92	1.6	11.0
Pharmac. Product	Drug	0.80	20.0	0.69	1.6	9.0
TJX Companies	Retail (Special Lines)	0.80	11.5	0.64	1.5	13.5
Interactive Data	Information Services	0.85	11.5	0.75	1.5	7.5
MTS Systems	Precision Instrument	0.85	4.5	0.87	1.5	9.5
Walgreen Co.	Pharmacy Services	0.75	16.0	0.52	1.4	11.0
Ecolab Inc.	Chemical (Specialty)	0.80	12.0	0.52	1.4	10.0
Henry (Jack) & Assoc.	Computer Software/Svcs	0.80	21.0	0.83	1.4	12.0

COMPARABLE EARNINGS METHOD ANALYSIS

EXHIBIT DHC-16

p. 3 of 9

Company	Industry Name	Beta	Book Value Growth 10- Year	Beta 10- Year	Proj 3-5 Yr Dividend Yield	Proj Book
						Value Growth Rate
Washington Post	Newspaper	0.80	9.5	0.53	1.4	4.0
NIKE, Inc. 'B'	Shoe	0.85	11.0	0.69	1.4	14.5
Medtronic, Inc.	Medical Supplies	0.75	16.0	0.59	1.3	13.0
Sanderson Farms	Food Processing	0.75	12.5	0.88	1.3	14.5
AptarGroup	Packaging & Container	0.90	12.0	0.68	1.3	8.5
Tootsie Roll Ind.	Food Processing	0.70	7.0	0.57	1.2	5.5
G&K Services 'A'	Industrial Services	0.80	10.5	0.60	1.2	2.5
Transatlantic Hldgs.	Reinsurance	0.95	8.5	0.72	1.2	12.0
Cintas Corp.	Industrial Services	0.90	13.0	0.91	1.1	8.0
Panera Bread Co.	Restaurant	0.95	17.5	0.80	1.1	13.0
Perrigo Co.	Drug	0.70	6.5	0.81	1.0	13.5
Costco Wholesale	Retail Store	0.75	13.5	0.80	1.0	6.5
Ross Stores	Retail (Special Lines)	0.80	14.0	0.69	1.0	14.0
CLARCOR Inc.	Packaging & Container	0.90	12.5	0.77	1.0	10.0
J&J Snack Foods	Food Processing	0.70	10.0	0.61	0.9	9.5
Coca-Cola Enterprises	Beverage	0.90	4.0	0.81	0.9	-4.5
Lauder (Estee)	Toiletries/Cosmetics	0.90	9.5	0.90	0.9	2.0
CVS Caremark Corp.	Pharmacy Services	0.80	20.5	0.61	0.8	8.5
Wiley (John) & Sons	Publishing	0.85	15.5	0.50	0.8	14.5
Fred's Inc. 'A'	Retail Store	0.90	9.5	0.82	0.8	7.0
Werner Enterprises	Trucking	0.90	9.0	0.81	0.8	3.0
Stryker Corp.	Medical Supplies	0.80	23.0	0.59	0.7	15.5
MAXIMUS Inc.	Industrial Services	0.80	11.0	0.68	0.7	13.5
Heartland Express	Trucking	0.85	12.0	0.56	0.7	6.0
McKesson Corp.	Medical Supplies	0.80	5.5	0.65	0.6	12.0
Int'l Speedway 'A'	Recreation	0.85	8.5	0.73	0.4	7.5
UniFirst Corp.	Industrial Services	0.85	9.5	0.77	0.4	10.0
FedEx Corp.	Air Transport	0.95	12.0	0.86	0.4	8.5

COMPARABLE EARNINGS METHOD ANALYSIS

EXHIBIT DHC-16

p. 4 of 9

Company	Industry Name	Beta	Book Value		Proj 3-5 Yr		Proj Book
			Growth 10- Year	Beta 10- Year	Dividend Yield	Value Growth Rate	
Allergan, Inc.	Drug	0.90	17.5	0.67	0.2	17.5	
Omnicare, Inc.	Pharmacy Services	0.95	11.0	0.51	0.2	8.0	
Danaher Corp.	Diversified Co.	0.95	20.5	0.79	0.2	8.0	
Cooper Cos.	Medical Supplies	0.90	21.0	0.62	0.1	6.5	
Aetna Inc.	Medical Services	0.95	1.0	0.72	0.1	10.0	
CLST Holdings Inc	Wireless Networking	0.20	-27.0	0.53			
Kingstone Companies Inc	Industrial Services	0.30	4.5	0.59			
Action Products Intl	Educational Services	0.35	-9.0	0.77			
Utah Medical Prods.	Medical Supplies	0.35	12.5	0.52			
DUSA Pharmaceuticals	Drug	0.40	-4.0	0.91			
Taitron Components	Semiconductor	0.45	0.5	0.68			
Oil-Dri Corp of Amer	Chemical (Specialty)	0.45	3.0	0.52			
Escalon Med Corp	Medical Services	0.50	8.0	0.72			
Peerless Systems	Computer Software/Svcs	0.50	-6.5	0.51			
TSR INC	Computer Software/Svcs	0.50	1.5	0.59			
ML Macadamia Orchards LP	Food Processing	0.50	-2.0	0.51			
Flexsteel Inds	Furn/Home Furnishings	0.50	4.0	0.54			
J.W. Mays, Inc.	Diversified Co.	0.50	3.5	0.94			
Parkvale Financial Corp.	Thrift	0.50	6.0	0.58			
Gen'l Employment Ent.	Human Resources	0.55	-8.0	0.90			
Allied Hlthcare Prod	Medical Supplies	0.55	-3.5	0.74			
Bridgford Foods	Food Processing	0.55	-1.0	0.69			
R.G. Barry Corporation	Shoe	0.55	-5.5	0.63			
Optelecom-NKF, Inc	Telecom. Equipment	0.55	28.0	0.63			
Flanigan's Enterprises Inc	Retail (Special Lines)	0.55	19.5	0.63			
GTSI Corp	Computers/Peripherals	0.55	4.5	0.80			
AMCON Distributing Co.	Retail/Wholesale Food	0.55	1.0	0.69			
Streamline Health Solutions	Healthcare Information	0.60	-8.0	0.77			

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Company	Industry Name	Beta	Book Value	Beta 10- Year	Proj 3-5 Yr	Proj Book
			Growth 10- Year		Dividend Yield	Value Growth Rate
Tandy Leather Factory Inc	Retail (Special Lines)	0.60	17.0	0.81		
United-Guardian Inc.	Drug	0.60	10.0	0.82		
Star Buffet	Restaurant	0.60	2.0	0.68		
Isramco Inc.	Petroleum (Producing)	0.60	2.0	0.69		
Hampshire Group Ltd.	Apparel	0.60	6.5	0.67		
Johnson Outdoors	Recreation	0.60	0.5	0.87		
Willis Lease Finance	Air Transport	0.60	8.5	0.53		
Carver Bancorp Inc	Thrift	0.60	3.5	0.74		
Genta Inc.	Drug	0.65	-28.0	0.58		
Hudson Technologies Inc.	Environmental	0.65	-1.0	0.65		
Synthetech Inc.	Drug	0.65	-7.5	0.94		
Comarco Inc.	Wireless Networking	0.65	-2.0	0.85		
Craft Brewers Alliance	Beverage	0.65	-2.0	0.90		
Aldila Inc.	Recreation	0.65	-6.0	0.54		
IntegraMed Amer Inc	Medical Services	0.65	8.0	0.79		
Sparton Corp.	Electronics	0.65	-2.0	0.65		
National Research Corp	Healthcare Information	0.65	13.5	0.63		
Gilead Sciences	Drug	0.65	25.0	0.75		17.5
Amer. Pacific	Chemical (Specialty)	0.65	5.5	0.85		
Amgen	Biotechnology	0.65	23.5	0.59		15.0
DaVita Inc.	Medical Services	0.65	17.5	0.54		13.0
Fresenius Medical Care	Medical Services	0.65	1.0	0.87		
Genzyme Corp.	Drug	0.65	14.0	0.57		3.0
Cyanotech Corp.	Drug	0.70	-14.5	0.73		
Helios & Matheson No. America	Industrial Services	0.70	-14.5	0.92		
X-Rite	Precision Instrument	0.70	4.5	0.62		
Elxsi Corporation	Diversified Co.	0.70	-8.5	0.52		
Rentrak Corp	Entertainment	0.70	13.5	0.91		

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Company	Industry Name	Beta	Book Value	Beta 10- Year	Proj 3-5 Yr	Proj Book
			Growth 10- Year		Dividend Yield	Value Growth Rate
Mocon Inc.	Precision Instrument	0.70	7.5	0.63		
Wayside Technology Group	Retail (Special Lines)	0.70	-3.0	0.67		
Rochester Medical	Medical Supplies	0.70	8.5	0.77		
Hot Topic, Inc.	Retail (Special Lines)	0.70	18.0	0.53		6.0
Tandy Brands Access.	Apparel	0.70	1.0	0.82		
Mexican Restaurants Inc.	Restaurant	0.70	11.0	0.55		
Exactech Inc	Medical Supplies	0.70	14.5	0.63		
Boston Beer 'A'	Beverage	0.70	10.5	0.69		17.0
BJ's Wholesale Club	Retail Store	0.70	10.0	0.70		11.5
Cephalon Inc.	Drug	0.70	26.5	0.91		16.0
Repros Therapeutics Inc	Drug	0.75	-15.0	0.94		
Video Display Corp.	Electronics	0.75	4.0	0.53		
LGL Group Inc	Diversified Co.	0.75	-13.5	0.87		
America Service Group	Medical Services	0.75	7.0	0.83		
Mediware Info Syst	Healthcare Information	0.75	10.0	0.55		
Deswell Inds Inc	Foreign Electronics	0.75	8.0	0.94		
99(Cents) Only Stores	Retail Store	0.75	15.5	0.73		7.5
Communication Sys.	Telecom. Equipment	0.75	3.5	0.92		
Techne Corp.	Biotechnology	0.75	21.0	0.69		12.0
ResMed Inc.	Medical Supplies	0.75	30.5	0.71		13.0
Sanfilippo John B.	Food Processing	0.75	6.5	0.82		
Mueller (Paul) Co	Steel (Integrated)	0.75	-5.5	0.65		
Pope Resources L.P.	Paper/Forest Products	0.75	7.0	0.63		
Biogen Idec Inc.	Drug	0.75	36.0	0.77		4.0
Watson Pharmac.	Drug	0.75	9.5	0.52		13.5
Psychemedics Corp.	Medical Services	0.80	-2.0	0.52		
CSP Inc.	Computer Software/Svcs	0.80	-2.0	0.85		
Neogen Corp.	Environmental	0.80	14.5	0.75		

COMPARABLE EARNINGS METHOD ANALYSIS

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Company	Industry Name	Beta	Book Value Growth 10- Year	Beta 10- Year	Proj 3-5 Yr Dividend Yield	Proj Book
						Value Growth Rate
Cagle's Inc.	Food Processing	0.80	-3.5	0.81		
Span-America Medical Systems	Medical Supplies	0.80	1.0	0.87		
Acme United Corp.	Household Products	0.80	15.0	0.77		
Landauer Inc.	Environmental	0.80	8.5	0.67		
Navigant Consulting	Industrial Services	0.80	6.5	0.81		11.0
Air T Inc	Air Transport	0.80	8.0	0.81		
Varian Medical Sys.	Medical Supplies	0.80	9.0	0.53		14.0
Kewaunee Scientific Corp.	Office Equip/Supplies	0.80	2.5	0.69		
Haverty Furniture	Retail (Special Lines)	0.80	6.5	0.71		
United Natural Foods	Retail/Wholesale Food	0.80	14.5	0.87		11.5
Forest Labs.	Drug	0.80	19.0	0.50		5.5
Conmed Corp.	Medical Supplies	0.80	9.0	0.82		6.5
Millipore Corp.	Precision Instrument	0.80	18.0	0.93		13.5
Dorel Inds Inc	Furn/Home Furnishings	0.80	16.0	0.75		
Patriot Transportation Holdin	Diversified Co.	0.80	8.5	0.63		
The Inventure Group Inc.	Food Processing	0.85	6.0	0.60		
Rocky Mountain Choc Factory	Food Processing	0.85	7.5	0.73		
Natl Beverage	Beverage	0.85	8.0	0.52		
Schiff Nutrition Int'l	Drug	0.85	0.5	0.89		
Immucor, Inc.	Medical Supplies	0.85	20.0	0.54		19.0
GP Strategies Corp	Diversified Co.	0.85	-6.0	0.60		
IDEXX Labs.	Medical Supplies	0.85	5.5	0.78		12.5
Destination Maternity	Apparel	0.85	30.0	0.93		
American Dental Partners	Medical Services	0.85	13.5	0.64		
Rimage Corp.	Computers/Peripherals	0.85	22.0	0.79		
Res-Care Inc.	Medical Services	0.85	8.0	0.81		
USA Truck	Trucking	0.85	9.5	0.61		
Par Pharmaceutical	Drug	0.85	18.0	0.52		9.0

COMPARABLE EARNINGS METHOD ANALYSIS

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Company	Industry Name	Beta	Book Value	Beta 10- Year	Proj 3-5 Yr	Proj Book
			Growth 10- Year		Dividend Yield	Value Growth Rate
PrimeEnergy Corp	Petroleum (Producing)	0.85	36.0	0.68		
Cerner Corp.	Healthcare Information	0.85	14.0	0.89		15.5
O'Reilly Automotive	Retail Automotive	0.85	20.5	0.63		14.0
Cornell Companies Inc	Industrial Services	0.85	5.0	0.65		
Atrion Corp	Medical Services	0.85	12.0	0.92		
LecTec Corp.	Drug	0.90	-22.5	0.61		
San Juan Basin Rlty.	Natural Gas (Div.)	0.90	-10.0	0.52		
Spherix Inc.	Medical Services	0.90	5.5	0.64		
U.S. Energy Corp.	Precious Metals	0.90	3.5	0.95		
Knight Transportation Inc	Trucking	0.90	20.0	0.87		
CorVel Corp.	Medical Services	0.90	10.0	0.56		
Vicon Inds Inc	Electronics	0.90	19.5	0.63		
FLIR Systems	Electrical Equipment	0.90	20.5	0.65		18.0
Schawk Inc.	Packaging & Container	0.90	14.0	0.85		
Thoratec Corp.	Medical Supplies	0.90	21.0	0.84		7.5
Stanley Furniture	Furn/Home Furnishings	0.90	8.0	0.76		
Nutraceutical Intl	Drug	0.90	12.0	0.93		
Eastern Company	Metal Fabricating	0.90	8.0	0.62		
Lazare Kaplan International In	Retail (Special Lines)	0.90	2.0	0.60		
Dionex Corp.	Precision Instrument	0.90	11.5	0.72		16.5
Lakeland Ind	Industrial Services	0.90	14.0	0.56		
Strattec Sec Corp	Auto Parts	0.90	8.0	0.78		
Seacor Holdings	Oilfield Svcs/Equip.	0.90	11.0	0.67		
Neose Technologies	Biotechnology	0.95	-13.5	0.92		
Sonesta Int'l Hotels Corp.	Hotel/Gaming	0.95	-11.0	0.54		
Cedar Fair L.P.	Recreation	0.95	-1.0	0.70		5.0
Texas Pacif. Land Tr	Petroleum (Producing)	0.95	10.5	0.79		
Express Scripts 'A'	Pharmacy Services	0.95	17.0	0.52		40.0

COMPARABLE EARNINGS METHOD ANALYSIS

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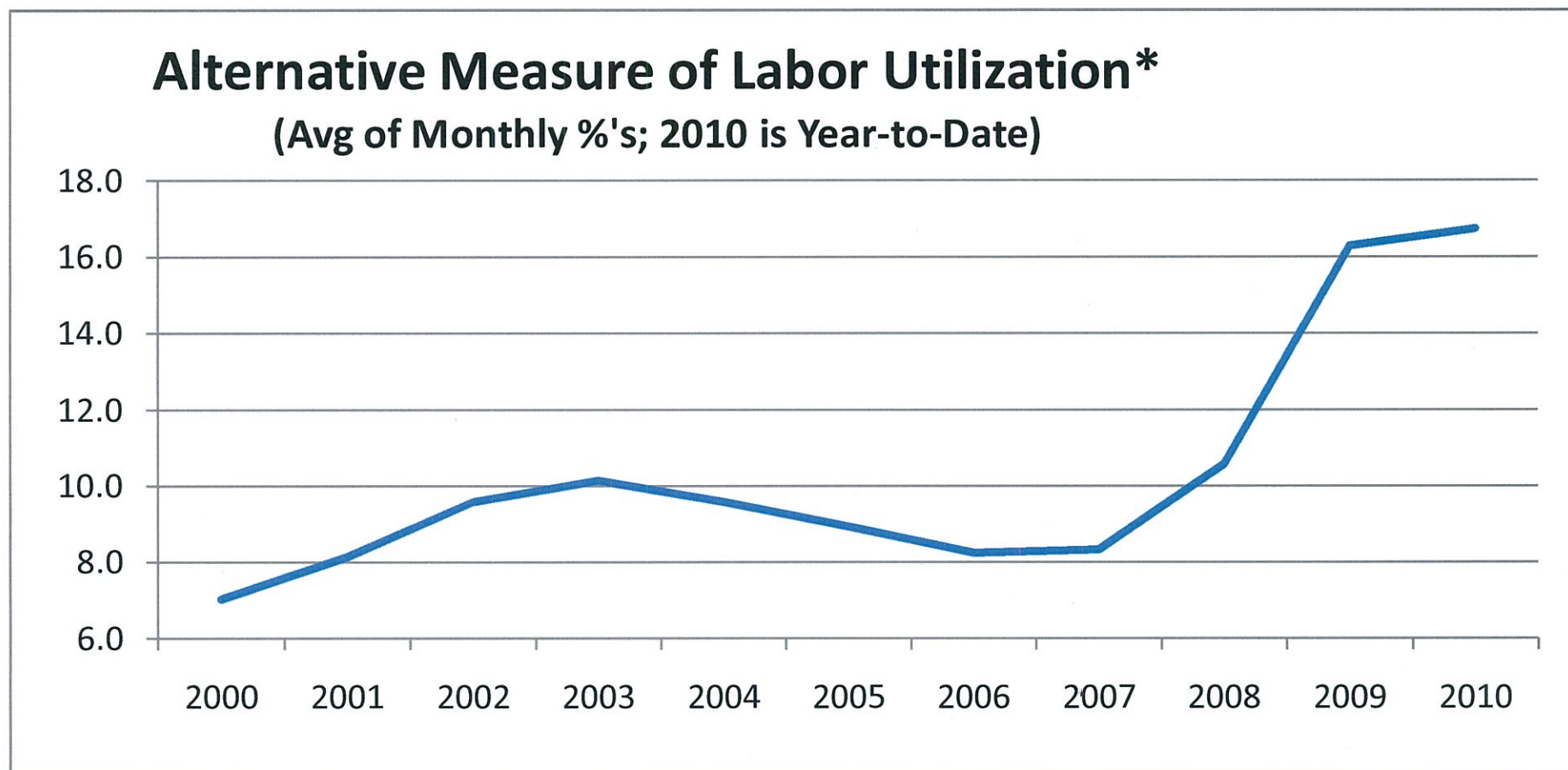
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Company	Industry Name	Beta	Book Value	Beta 10- Year	Proj 3-5 Yr	Proj Book
			Growth 10- Year		Dividend Yield	Value Growth Rate
Cross (A.T.)	Office Equip/Supplies	0.95	-2.0	0.87		
Edgewater Technology Inc	Industrial Services	0.95	-1.5	0.90		
Tier Technologies	Computer Software/Svcs	0.95	12.0	0.53		
Hansen Natural Corp.	Beverage	0.95	40.0	0.81		24.5
Multi-Color Corp	Packaging & Container	0.95	33.5	0.70		
Iron Mountain	Industrial Services	0.95	15.0	0.67		8.5
Federal Screw Works	Metal Fabricating	0.95	-1.5	0.58		
West Marine	Retail (Special Lines)	0.95	0.5	0.75		1.0
Jack in the Box	Restaurant	0.95	15.5	0.57		7.0
MFRI Inc.	Machinery	0.95	2.0	0.61		
Gymboree Corp.	Retail (Special Lines)	0.95	3.5	0.79		22.0
World Fuel Services	Industrial Services	0.95	18.0	0.74		
Courier Corp.	Publishing	0.95	12.5	0.90		
Baker (Michael) Corp.	Industrial Services	0.95	7.5	0.74		
Health Net	Medical Services	0.95	9.5	0.80		10.0
Fiserv Inc.	Computer Software/Svcs	0.95	14.0	0.95		18.0
United Capital Corp.	Diversified Co.	0.95	19.5	0.76		
PHI Inc.	Air Transport	0.95	4.5	0.82		
Averages		0.78	8.21	0.71	1.97	10.15
Count/Number of Companies			242	242	89	123
Average of Historical and Projected			9.18 (8.21+10.15)/2			

Table A-15. Alternative Measures of Labor Underutilization (in Percent)

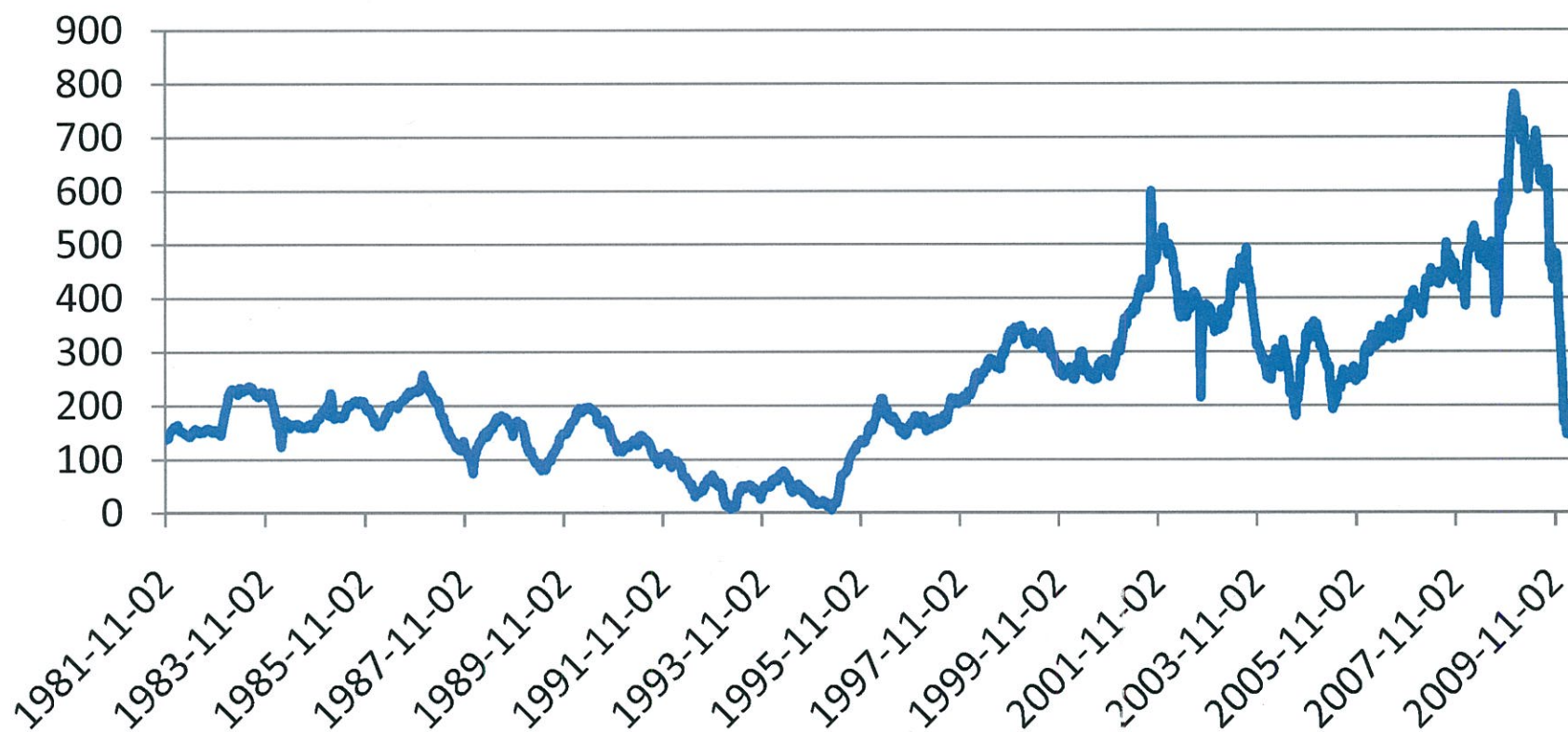
Measure	Not seasonally adjusted			Seasonally adjusted					
	Mar. 2009	Feb. 2010	Mar. 2010	Mar. 2009	Nov. 2009	Dec. 2009	Jan. 2010	Feb. 2010	Mar. 2010
U-1 Persons unemployed 15 weeks or longer, as a percent of the civilian labor force	4.1	6	6.3	3.8	5.8	5.9	5.8	5.8	5.8
U-2 Job losers and persons who completed temporary jobs, as a percent of the civilian labor force	6.1	7	6.7	5.5	6.5	6.3	6.1	6.2	6.1
U-3 Total unemployed, as a percent of the civilian labor force (official unemployment rate)	9	10.4	10.2	8.6	10	10	9.7	9.7	9.7
U-4 Total unemployed plus discouraged workers, as a percent of the civilian labor force plus discouraged workers	9.4	11.1	10.8	9	10.5	10.5	10.3	10.4	10.3
U-5 Total unemployed, plus discouraged workers, plus all other persons marginally attached to the labor force, as a percent of the civilian labor force plus all persons marginally attached to the labor force	10.3	11.9	11.5	9.9	11.3	11.4	11.2	11.1	11.1
U-6 Total unemployed, plus all persons marginally attached to the labor force, plus total employed part time for economic reasons, as a percent of the civilian labor force plus all persons marginally attached to the labor force	16.2	17.9	17.5	15.6	17.2	17.3	16.5	16.8	16.9

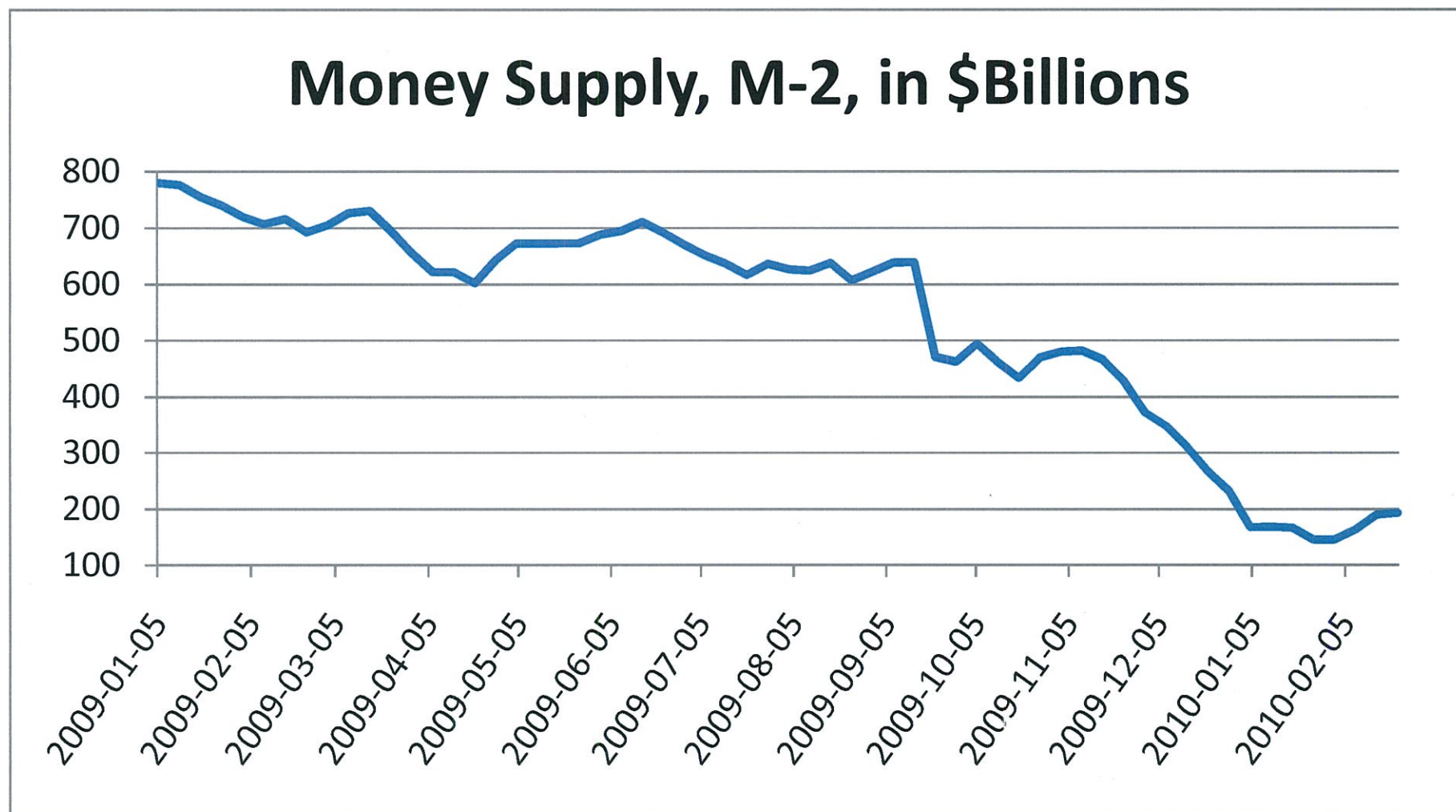
Source: U.S. Bureau of Labor Statistics



*Total unemployed, plus all marginally attached workers plus total employed part time for economic reasons, as a percent of all civilian labor force plus all marginally attached

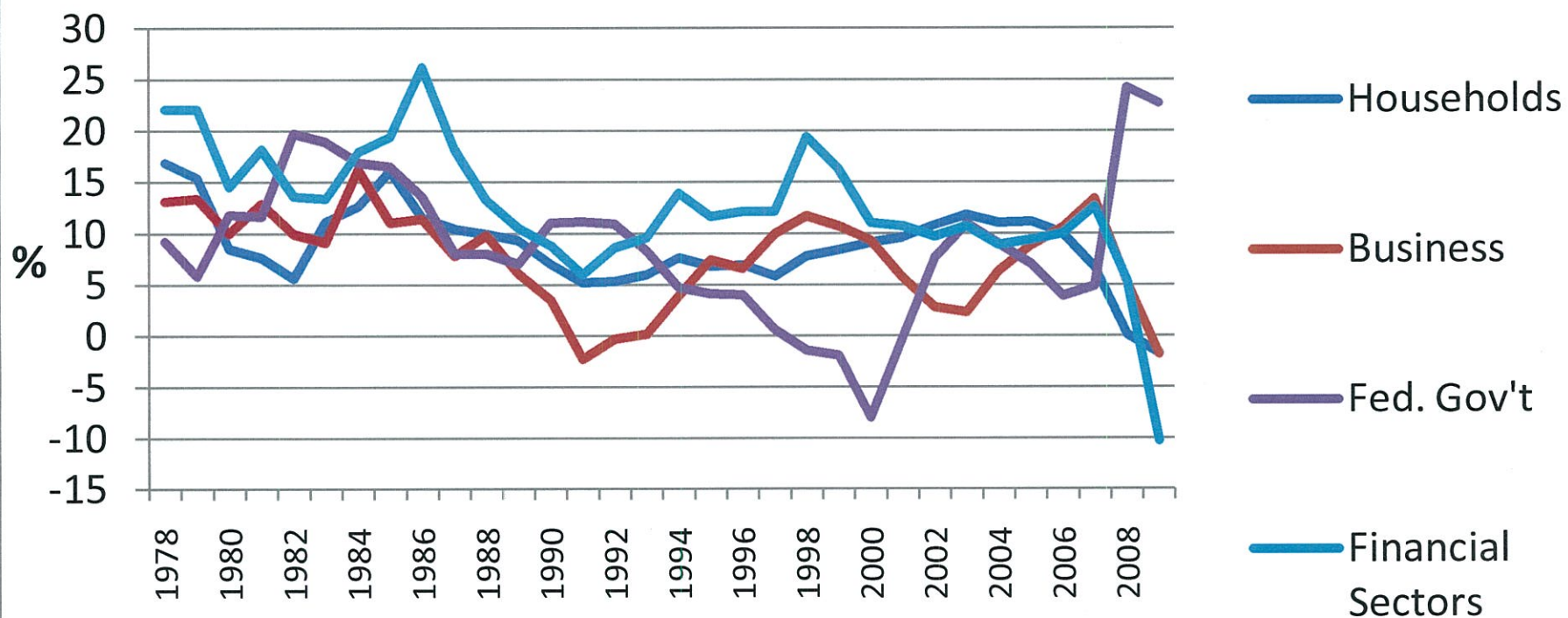
Money Supply, M-2, 1981-2009, in \$Billions





Source: Federal Reserve of St. Louis

Debt Growth by Sector in Percent; 1978-2009



Source: Federal Reserve Statistical Release D.1